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(teacher's resource package including

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IDENTIFIERS \*Income Taxes; Internal Revenue Service

### ABSTRACT

This high school curriculum on understanding taxes contains six units. An overview explaining the course's format includes purposes and objectives for each of the six units and summaries of the related video. Each lesson in a unit may contain information on history, civics/government, economics, consumer education, and business education. Each unit lesson contains some or all the following: purpose; objectives; materials; key terms; opening; development; conclusion; extension; overhead transparencies; student handouts; problems/quiz problems; forms; and evaluation forms. Unit one contains lessons on income tax and the individual taxpayer and taxpayer rights and responsibilities. Unit two contains three lessons: from W-4 to W-2, filing a return form 1040EZ, and form 1040A and beyond. Unit three's lesson is on state and local taxes. Lessons in unit four describe federal tax system evolution and making federal tax laws. Unit five includes four lessons on the topics of raising revenue, whether or not taxes can be shifted, how taxes influence behavior, and conflicting goals. Effects on different income groups and tax fairness are the lessons in unit six. Addresses and telephone numbers for the Internal Revenue Service Taxpayer Education Coordinators, information on teacher workshops, and ordering information are included. (NLA)

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### **UNDERSTANDING TAXES!**

### **Internal Revenue Service**

U.S. DEPARTMENT OF EDUCATION

Office of Educational Research and Improvement

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Dear Educator:

These are the materials you will need to update your Understanding Taxes Teacher's Resource Package for classroom teaching in 1992.

The printed materials for Unit 2 contain the information needed to teach students how to prepare masic Forms W-4, 1040EZ, and 1040A.

Updated software, which leads students through the process of completing the tax forms, is also enclosed. It is for use with IBM and Apple II-compatible computers. The software can be used along with Unit Two: "Understanding Tax Forms," or it may be used outside the classroom as a separate stand alone program for students' self-paced study. For those who may not have access to computers, this will not interfere with teaching the Understanding Taxes program in your classroom.

We hope you will find these materials helpful. Best wishes for a successful year in preparing and educating your students about their taxpayer rights and responsibilities.

Sincerely.

Stephen Buckles

President,

Joint Council on Economic

Education

Michael F. Sullivan Executive Director,

Agency for

Instructional Technology

Assistant Commissioner (Taxpayer Services)

Internal Revenue Service



# NDERSTANDING TAXES!

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UNIT LESSON A UNDERSTANDING INCOME TAX AND YOU YOUR ROLE AS A **TAXPAYER LESSON B** TAXPAYER RIGHTS AND , RESPONSIBILITIES LESSON A UKIT UNDERSTANDING FROM W-4 TO 2-2 TAX FORMS LESSON B FILING A RETURN/ FORM 1040EZ FORM 1040A AND BEYOND MATERIALS UKIT UNDERSTANDING LESSON STATE AND LOCAL STATE AND LOCAL TAXES TAXES UNIT LESSON A UNDERSTANDING **EVOLUTION OF OUR HOW TAXES** FEDERAL TAX SYSTEM **EVOLVE** LESSON B MAKING FEDERAL TAX LAWS UNIT LESSON A UNDERSTANDING TAXES RAISE REVENUE THE IMPACT OF TAXES **LESSON B** TAXES...CAN THEY BE SHIFTED? LESSON C TAXES INFLUENCE BEHAVIOR 4.484 LESSON D TAXES INVOLVE CONFLICTING GOALS THE. LESSON A UNIT UNDERSTANDING TAXES AFFECT DIFFERENT 6 **FAIRNESS ISSUES INCOME GROUPS** LESSON B TAXES...WHAT IS FAIR?

SOLID COLOR = PRIMARY USAGE

SHADED COLOR = SECONDARY USAGE

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# Overview

This overview booklet explains the format of **Understanding** Taxes, a tax education program for high school students, and how it can be used in the classroom. It includes objectives for each of the six units (containing a total of 14 lessons) and synopses of the nine 15-minute video programs.

Understanding Taxes is color coded according to the matrix on the front cover of this booklet. While we encourage all educators to make use of as much of Understanding Taxes as possible, we are aware that curriculum requirements and time restrictions may limit some teachers to the use of one or two of the six units. The matrix should help to identify those units, or lessons within units, that most suit individual needs.

# Ihat is Understanding

Understanding Taxes is a set of materials for high school students that explains the American tax system and offers specific instruction on completing tax forms. Six instructional units are broken down into 14 lessons; to support and extend the lessons, there are nine 15-minute video programs, a software program, student handouts, and overhead transparencies.

# The can use Understanding Taxes?

Understanding Taxes is designed for teachers of social studies, history, economics, government, civics, business, consumer education, home economics, and vocational/technical education – and any other teacher interested in helping students gain a fundamental understanding of the role taxes play in our political and economic system.

# flow should it be used in the classroom?

The materials can be used as a whole or in part, depending on classroom needs. Each of the 14 lessons is designed to stand alone – with its own list of objectives, supporting video programs, overhead transparencies, and student handouts. The Apple II-series software supplement is a self-paced exercise that gives students easy-to-follow directions on filling out basic tax forms. It has been designed as as companion piece to Unit Two: "Understanding Tax Forms," but it can also be used for independent

study. Since the lessons have been designed to stand alone, they can be used in any order.

# That is included in the inderstanding Taxes package?

- Fourteen lesson plans, in six units, with objectives, video summaries, background information, discussion ideas, optional activities, and suggestions for effective use of videos and other components.
- Seventeen reproducible student handouts.
- Fourteen overhead transparencies.
- One videocassette containing nine 15-minute programs:
  Income Tax and You
  Evolution of Our Federal Tax
  System

Making Federal Tax Laws
Trices Raise Revenue
Taxes...Can They Be Shifted?
Taxes Influence Behavior
Taxes Involve Conflicting
Goals

# Taxes Affect Different Income Groups

### Taxes...What is Fair?

One optional software supplement.

# iow are the video programs one used?

The nine programs have been designed to take complex tax-related topics and offer them in easy-to-understand dramatizations depicting real-life situations familiar to students. Each program stands on its own, but many of the terms and concepts introduced in the videos are explained in the student handouts or the overhead transparencies.

Each lesson plan offers suggestions on how to use the video applicable to that lesson as a focal point for classroom discussion. You can use some of the videos or all of them, depending on your classroom situation. (Schools are encouraged to make copies of the videos. The Understanding Taxes material was produced to enable unlimited copying and may be reproduced without royalty or fee.)

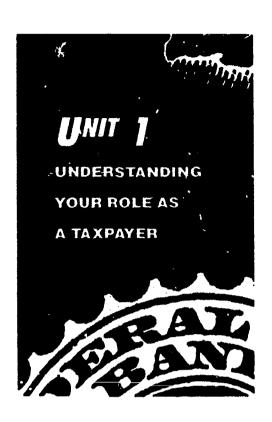
# How does the software rit

The software has been designed for use with the Apple II-series equipment and comes on a single 5 1/4-inch, two-sided, floppy diskette. The programs on this diskette can be copied using any standard Appleformat copying program. (Be sure to copy both sides.) The self-paced program leads students through the process of filling out tax forms -from the W-4 and W-2 through the 1040EZ - the form they are most likely to use. Although able to stand on its own, the program can be used with Unit Two: "Understanding Tax Forms." Help screens are available at the touch of a key to define terms and explain the 1040EZ on line basis. The software can be studied in a full, formal classroom setting or offered as individual study exercises outside the classroom.

Special note: The materials in Understanding Taxes are designed to be reproduced by users. You are encouraged to make as many copies of print materials, videos, and software as you need.







# LESSON A INCOME TAX & YOU

### **PURPOSE**

To help students understand the importance of voluntary compliance with income tax laws and the consequences for citizens and society of noncompliance.

### **OBJECTIVES**

Students will explain how income taxes provide revenue for goods and services that benefit the general public, including students.

Students will define noncompliance with federal income tax laws as illegal and list the results of noncompliance as:

- Loss of tax revenue
- A need for additional resources for enforcement
- Higher taxes for those who do comply

Students will identify the right of citizens to participate in the formulation of tax policy as well as the obligation of citizens to comply with tax policy decisions.

### **VIDEO SUMMARY**

Seventeen-year-old Jake Daniels has calculated that with the income from his new job in a bicycle shop he can buy a car in time to take pretty fellow employee Samanthe to the harvest dance. But Jake's calculations falled to allow for taxes. With a newly discovered respect for the subject of taxes, Jake learns about the importance of voluntary compliance with income tax jaws.

# LESSON B TAXPAYER RIGHTS AND RESPONSIBILITIES

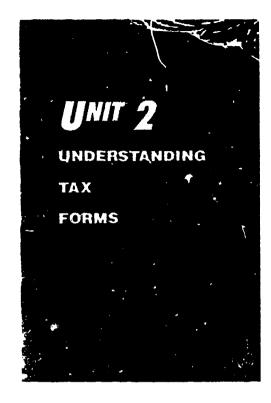
### **PURPOSE**

To help students understand that they have basic rights and responsibilities as taxpayers.

### **OBJECTIVES**

Students will discuss the taxpayer's responsibilities related to filing a tax return.

Students will describe the taxpay ar's rights to appeal IRS decisions.



### LESSON A FROM W-4 TO W-2

### **PURPOSE**

To help students underst and that taxpayers are responsible an expaying income taxes as income to through withholding.

### **OBJECTIVES**

Students will explain how taxpayers use Form W-4 to tell their employers how much to withhold from their pay for taxes.

Students will, given sufficient information, correctly complete Form W-4.

Students will identify the importance of the information contained in a Form W-2 received from an employer.

Students will describe the use of Form 1099-INT.

Students will decide, given sufficient information, whether someone is exempt from withholding; how many withholding allowances someone can claim; and whether someone can be claimed as a dependent on someone else's tax return.



### LESSON B FILING A RETURN/ FORM 1040EZ

### **PURPOSE**

To help students understand that taxpayers voluntarily report their income to the government by "filling" a tax return, that there are several ways to do this, and that the simplest of these is using Form 1040EZ.

### **OBJECTIVES**

Students will define the expression "filing a tax return."

Students will determine, given sufficient information, whether an individual is required to file a return.

Students will identify the specific tax return form that each of a selection of taxpayers should use.

Students will complete Form 1040EZ accurately.

# LESSON C FORM 1040A AND BEYOND

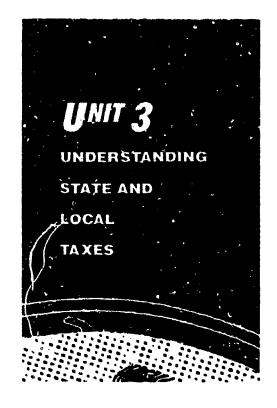
### PURPOSE

To help students understand the correct use of Form 1040A and, in general, the purpose of Form 1040.

### **OBJECTIVES**

Students will complete Form 1040A accurately.

Students will describe the function of Form 1040.



### LESSON STATE AND LOCAL TAXES

### **PURPOSE**

To help students understand that state and local governments need revenue to provide goods and services for their residents.

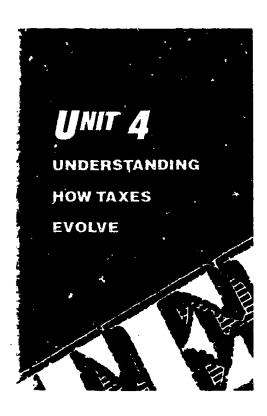
### **OBJECTIVES**

Students will list kinds of taxes collected by state and local governments and identify the nature of the taxes – consumption, income, or wealth.

Students will give examples of goods and services provided by state and local tax revenues.



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### SSCN A EVOLUTION OF OUR FEDERAL TAX SYSTEM

### **PURPOSE**

To help students understand the constitutional basis of our federal tax system and how it has evolved in response to three major themes in U.S. tax history.

### **OBJECTIVES**

Students will explain that the federal government's authority to levy taxes is based on the Constitution and subsequent legislation.

Students will identify three major themes in the evolution of our federal tax system as:

- The need to raise revenue
  The desire to be fair to different
  income groups
- The desire to influence people's behavior toward socially desirable ends

Students will explain the significance of the following key developments in the evolution of our federal tax system:

- The enforcement of early excise taxes on whiskey
   The 16th Amendment to the Constitution
- The Social Security Act of 1935
  The adoption of income tax
  withholding during World War II
- The continuing use of tax deductions to encourage behavior such as home ownership and charitable contributions

### **VIDEO SUMMARY**

This video features an imaginative use of sound effects, still photography, and costuming as our host takes us on a narrated tour of the history of our federal income tax system. As the host discusses important events in our tax history, from the taxes levied to pay for Revolutionary War debts to the tax reform laws passed in 1986, his office decor and coulume, along with the sound effects coming in through an open window, change to reflect the era being discussed. The underlying themes of raising revenue, achieving fairness, and influencing behavior are stressed throughout.

### ESSON 3

### MAKING FEDERAL TAX LAWS

### **PURPOSE**

To help students understand that enacting federal tax laws involves both formal and informal legislative procedures, based on the Constitution, that blend and balance various interests.

### **OBJECTIVES**

Students will describe the formal process of enacting tax legislation, based on Article I of the Constitution and involving separation and sharing of powers among the two houses of Congress and the executive branch of government.

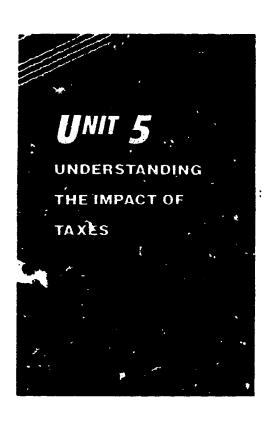
Students will describe the informal process for affecting tax legislation, based on the First Amendment to the Constitution, which guarantees the right of individuals to petition the government and its representatives.

Students will define federal tax policy as a compromise among varying interests of citizens and their representatives in government, who must balance their own views with those of their constituents and other government decision makers.

### **VIDEO SUMMARY**

Teenagers Craig and Julie are friends with little in common other than their jobs at a dry cleaner and their concerns about how a new tax might affect their chances for a raise. Julie feels their boss should write his representative expressing objections to the proposed new tax. Craig insists that people can't influence legislation, especially tax legislation. After their local congresswoman makes a presentation to the student assembly, Craig grudgingly admits that Julie may be right.





### *LESSON A* TAXES RAISE REVENUE

### **PURPOSE**

To help students understand that taxes are used to raise revenue and transfer resources from use by private individuals to use by various levels of government.

### **OBJECTIVES**

Students will describe taxes as required payments that are used to raise revenues to obtain resources for local, state, and federal governments.

Students will explain how taxation reduces income that would otherwise be available to individuals to purchase goods and services for their personal use.

### **VIDEO SUMMARY**

This program about a mother and daughter living in a rural area helps students understand that taxes are used to raise revenue and transfer resources from use hy private individuals to use by various levels of government. The Issue here is the use of county funds to repair a bridge needed by some of the county's residents. Jean debates at school with her friend Steve, and Jean's mother debates the Issue at the county council meeting with Steve's father.

# LESSON B TAXES...CAN THEY BE SHIFTED?

### PURPOSE

To help students understand that a tax levied on one person or group may ultimately be paid by others.

### **OBJECTIVES**

Students will point out that all taxes are ultimately paid by individuals.

Students will define direct taxes and give an example of a direct tax.

Students will define incirect taxes and give an example of an indirect tax.

### VIDEO SUNCIARY

Alex Lopez Ica that a tax levied on one person or group may ultimately be paid by others. Soon after he rents his first apartment, property taxes go up, and the landlady passes on part of the expense by raising Alex's rent. He works part-time for his dister Tricia, who explains that some taxes are direct (paid by those on whom they are levied) and others are indirect (shifted to others). Later, Alex works out a plan to pay his rent and at the same time help his landlady meet expenses.

### LESSON C TAXES INFLUENCE BEHAVIOR

### **PURPOSE**

To help students understand that taxes and changes in tax laws influence people's behavior in ways that discourage or encourage certain activities.

### **OBJECTIVES**

Students will describe how taxes on particular goods and services may discourage certain activities, since people can avoid the direct cost of these taxes by not buying or selling goods or services that are taxed.

Students will identify ways in which exemptions and deductions from general taxes encourage certain activities, since people can decide to engage more in the activities that are exempted.

### **VIDEO SUMMARY**

When Carolyn helps her father start his own restaurant, she learns that taxes and tax reductions influence people's behavior – they discourage or encourage certain activities. For example, Carolyn learns how various tax deductions, credits, and exemptions, influence her father's decisions about hiring, restaurant location, and equipment. A bank loan officer explains the difference between a tax deduction and a tax credit.





# LESSON D TAXES INVOLVE CONFLICTING GOALS

### PURPOSE

To help students understand that taxation involves a compromise of conflicting goals, and that people who make the same income may not pay the same amount of taxes.

### **OBJECTIVES**

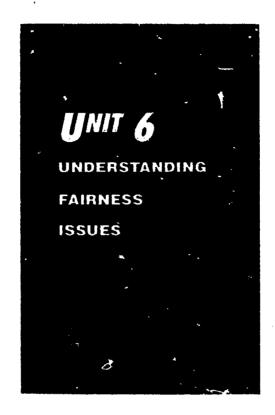
Students will give an example in which the goal of raising revenue conflicts with the goal of reducing taxes to encourage certain activities.

Students will point out that for a given level of government services, lower taxes for some groups (or activities) implies higher taxes for other groups (or activities).

Students will explain that as the result of special tax treatment of certain activities and different sources of income, people with the same income may pay different amounts of taxes.

### **VIDEO SUMMARY**

Michael Simms wants to become a television news producer. When he loses his summer job as a TV intern due to a cuiback in government funds, he does research for a story on taxes and learns that taxation often involves a compromise of conflicting goals and that people with the same income may not pay the same taxes. He finds, for example, that university housing is tax exempt, which is helpful for students but means less revenue for public goods and services. Tax reductions sometimes encourage individuals to start a business but may .nean higher taxes for others with the same income.



# LESSON A TAXES AFFECT DIFFERENT INCOME GROUPS

### **PURPOSE**

To help students understand that taxes can have different effects on aifferent income groups.

### **OBJECTIVES**

Students will define and give an example of each of the following, using income as a measure of ability to pay:

- A progressive tax
- A regressive tax
- A proportional tax

Students will explain how a mixture of regressive and progressive taxes could combine to make our overall tax system roughly proportional.

### **VIDEO SUMMARY**

Once upon a time, a small country was running out of money because the taxes levied did not bring in enough revenue. To solve the problem, the governor proclaimed that anyone who could come up with a workable tax system would be rewarded. One advisor proposed a tax that was regressive. Another advisor proposed a tax that was

progressive. Finally, a young waitress proposed that both these taxes be combined to create a tax system that would be proportional. Taxes in the U. S. include regressive, progressive, and proportional taxes, resulting in a system that is, overall, roughly proportional.

# LESSON B TAXES...WHAT IS FAIR?

### **PURPOSE**

To help students understand that it is difficult to get agreement on "What is a 'fair' tax?" because people have different values and priorities, but that two criteria that can be used to assess tax fairness are benefits received and ability to pay.

### **OBJECTIVES**

Students will identify one criterion of tax fairness as benefits received.

Students will identify a second criterior of tax fairness as ability to pay.

Students will distinguish between wealth and income as measures of ability to pay.

### **VIDEO SUMMARY**

The program's host explains two common criteria used to assess tax fairness: "benefits received" and "ability to pay." But applying these criteria is difficult because people have different values and priorities. Linda Arnoid questions the fairness of paying the same gasoline tax as her more effluent neighbor, Mr. Sackler, while Mr. Sackler complains about paying property taxes to build schools even though he has no children. Clearly, trade-offs are inevitable.



### UNIT 1

### UNDERSTANDING YOUR ROLE AS A TAXPAYER



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# PURPOSE

To help students understand the importance of voluntary compliance with federal income tax laws and the consequences of noncompliance for both offizens and society.

### **OBJECTIVES**

Students will be able to explain how income taxes provide revenue for goods and services that benefit the general public, including students.

Students will identify the right of citizens to participate in the formulation of tax policy as well as the obligation of citizens to comply with tax policy decisions.

Students will define noncompliance with federal income tax laws as illegal, listing the results of noncompliance as:

- Loss of tax revenue
- A need for additional resources for enforcement
- Higher taxes for those who do comply.

### **MATERIALS**

Video

"Income Tax and You."

Transparencies
Transparency 1A-1, "Federal Taxes and Spending," showing the federal government's income and expenses.

Transparency 1A-2, "State and Local Taxes and Spending," doing the same for state and local government.

### **KEY TERMS**

Form W-4 (Employee's Withholding Allowance Certificate) - A form you use to tell an employer how many withholding allowances you can have, so the employer can figure the correct federal income tax to withhold.

Personal Income Tax - A tax based on the taxable income that people receive annually. Taxable income is less than total income due to exemptions, adjustments, and deductions.

Public Goods and Services – Goods and services that are provided by various levels of government.

Tax Liability – The total tax to be paid before any tax credits, tax withholding, or estimated tax payments are applied. Taxpayers meet (or pay) their federal income tax liability through withholding, estimated tax payments, and payments attached to the tax forms they file with the government.

Tax Withholding – Money deducted from a payment made to an individual (such as an employee's paycheck) and sent to the government to help meet the individual's tax liability. Employers withhold money for federal income taxes, federal social security taxes, and state and local income taxes in some states and localities.

Taxes – Required payments of money to governments, which are used to provide public goods and services.

Voluntary Compliance — A system of taxation that relies on individual citizens to report their correct income, calculate their tax liability, and file a tax return on time.

### OPENING THE LESSON

Explain to students that this lesson is about one of the responsibilities implied by U.S. crtizenship: paying federal income taxes.

Review the lesson's Key Terms with students. In particular, make sure students understand that the term "voluntary compliance" refers to a system of taxation, and not to the freedom of an individual to decide whether or not to pay taxes. (Unlike

some taxes, such as sales taxes or property taxes, where the tax liability is calculated by others and the taxpayer is presented with a bill, the federal income tax system relies on individual citizens to report their income, calculate their tax liability, and file a tax return on time.) Ask students to look for examples of voluntary compliance and noncomplicance in the video.

View "Income Tax and You":

- In this video, 17 year old Jake
   Daniels has a problem. Jake
   thought that the income from his
- new part-time job in a bicycle shop would be enough to buy a car in time to ask fellow employee. Samanthe, to the harvest dance. However, Jake forgot to allow for the taxes that are withheld from his paycheck. He questions why he should have to comply with the tax laws.
- Jake's mother, a social studies teacher, helps Jake understand the importance of voluntary compliance and how people benefit from the taxes they pay. As he bicycles to work, Jake imagines his town without many of the goods and services tax revenues provide.
- Samanthe's next-door neighbor, Don Larson, manages Congresswoman March's district office. He helps Jake and Samanthe understand the consequences when people don't comply with tax laws. First, it's illegal, and individuals who don't comply run the risk of punishment. Second, everyone sùffers because noncompliance means there is less revenue for goods and services and more revenue has to be spent on tax enforcement. Finally, if we all comply, everyone's share is smaller. Mr. Larson also points out that people have a constitutional right to try to influence tax policy. In fact, many of Congresswoman March's constituents try to influence her views on taxes.
- Henry, assistant bicycle shop manager and rival for Samanthe's affections, offers to help Jake get a job with a contractor who illegally pays "under the table" and

doesn't withhold income taxes. The contractor doesn't report his employee's earnings. Jake remists the temptation and stays at the '.icycle shop. He is rewarded when Samanthe agrees to go to the dance with him — even without a car.

# DEVELOPING THE LESSON Review the video's content using questions such as:

- 1. What specific taxes were withheid from Jake's paycheck? (federal income tax, social security tax, and state income tax.)
- 2. What are some of the () cods and services that Jake's taxes (and yours) help support? (A few examples are roads and highways, national defense, social security benefits, salaries for public school teachers, national parks, public swimming pools and muscums, and police and fire protection.)
- 3. Jake's mother said that voluntary compliance implies specific responsibilities for taxpayers. What are they? (To fill out tax returns honestly, send them in on time and pay any tax due.)
- 4. Jake's mother said that everyone has a right to influence tax policy. What were some ways she suggested? (Write or talk to people who make tax policy. Join with others in groups to try to influence tax policy.)
- 5. Why did Henry suggest working for the contractor "under the table" instead of for a regular paycheck? (There would be no record of the payment and no tax would be withheld.) Is this voluntary compliance? (No.) Is it legal? (No.)
- 6. What did Mr. Larson say the consequences are if people don't comply with the tax laws? (Individuals run the risk of punishment. Society suffers a loss of revenue. Additional resources are needed for enforcement. Taxes are higher for those who comply.)
- 7. What can individuals do to try to change tax policies they don't like? (They can contact elected representatives and join groups that try to influence tax policy.)

8. Do individuals have an obligation to pay taxes they don't like? (Yes. Citizens have to obey the law until it is changed.)

As a class, generate two lists. One list should be of public goods and services that students use every day. The other list should be of public goods and services that students use occasionally. How many of the items on the lists did not exist in 1900? Would students rather pay lower taxes and do without these services or pay higher taxes and have these services available?

Use transparency 1A-1, "Federal Taxes and Spending," to review the main sources of federal tax revenue and the main categories of federal government spending. Have students give examples of specific programs in each category. This transparency can be used to make the point that the federal income tax is only one of several federal taxes.

Use transparency 1A-2, "State and Local Taxes and Spending," to review the main sources of state and local tax revenue and the main categories of state and local spending. Again, you may wish to have students give examples of programs in each category, and it might be interesting to have students compare and contrast the main types of state and local taxes with the main types of federal taxes.

Note: These two transparencies can also be used with other video lessons – particularly Unit Four, Lesson A: "Evolution of Our Federal Tax System" and Unit Five, Lesson A: "Taxes Raise Revenue."

### CONCLUDING THE LESSON

Lead a class discussion about the following quotations. Students should 1) say what they believe the statement means; 2) say whether they agree or disagree with the statement; and 3) explore possible relationships between the statements:

1. "Nothing is inevitable but death and taxes." — Benjamin Franklin (1789)

- 2. "The art of taxation is to pluck the goose without making it squawk." Colbert (paraphrased) 1778
- 3. "The only good tax is an old tax."
- 4. "Taxes are what we pay for civilized society." Oliver Wendell Holmes, Jr. (1904)

The general points here are 1) taxes are compulsory, and they take income away from individuals in

rder to pay for goods and services provided by government agencies at all levels; 2) everyone benefits to some degree from government actions and policies, but these programs take resources and they must be paid for; and 3) in a democratic society, decisions about taxes are made through the political process. Older taxes are accepted more readily than new ones because taxpayers are used to paying old taxes—even if they are no more equitable or efficient.

### **EXTENDING THE LESSON**

Have students examine the historical background of the current withholding system. It was instituted during World War II. Why? How does the government benefit from the withholding system? How do individuals benefit?

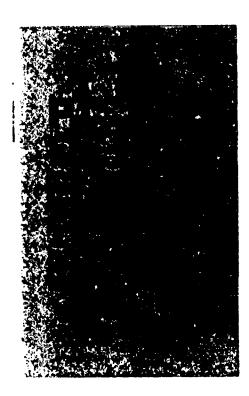
Invite a tax practitioner or a representative of the Internal Revenue
Service to speak to your class on the importance of voluntary compliance.

Students might wish to explore historical examples of groups who practice noncompliance for religious or ideological reasons. What is the difference between a "tax protester" and a "tax evader"?

Invite a member of your municipal government to help your class develop a list of local goods and services that are available because of tax revenues. How many of these are assisted by grants from the federal government?



### **BEST COPY AVAILABLE**



### OBJECT!VES

Students will discuss the taxpayer's responsibilities related to filing a tax return.

Students will describe the taxpayer's rights to appeal IRS decisions.

### MAZERIALS

### Transparency

Transparency 1B, "Processing Tax Forms," showing the processing of a tex form, from its receipt by the taxpayer through possible examination by IRS and appeal to Tax Court.

### **Handouts**

Handout 18-1, "Processing Your Tax Return," with which students may survey taxpayer knowledge or misinfermation about the work of the IRS through the use of a true/false quiz.

Handout 1B-2, "Case Study: The Carpenters," to be used to trace the progress of a tax return including the issue of taxpayer rights under examination.

### KEE MAMS

Levy – Imposing and collecting a tax by seizing property (including cash wages) to satisfy a legal judgment. Lien – A public notice of a claim on the property of another as security against the payment of a debt. OPENING THE LESSON
Distribute copies of handout 18-1,
"Processing Your Tax Return," a
true/false quiz about how the IRS
processes tax returns. The answers
are found at the end of this
teacher's guide. Ask students to
take the quiz home and use it to
survey family's and friends'
understanding.

DEVELOPING THE LESSON
List the following responsibilities for
atudents to discuss:

- 1. Each taxpayer is responsible for filing a return as the law requires.
- 2. Each taxpayer is responsible for obtaining the forms and instructions appropriate to his or her own tax situation.
- 3. Each texpayer is responsible for the accuracy and completeness of his or her return.
- 4. Each taxpayer is responsible for filing on time with his or her regional IRS Service Center.

### Points to Cover

1. Filing a return. To file a federal income tax return, a taxpayer must use Form 1040EZ, 1040A, or 1040. Form 1040EZ is the simplest and most appropriate form for most of your students, because most are single and have limited sources of income.

During the calendar year, employers withhold tax from employees' paychecks. Some taxpayers pay estimated taxes. Both procedures are part of our pay-as-you-go tax system, and represent payments toward an estimated tax liability. Actual tax liability is figured on a tax form, which is generally filed on or before April 15 of the following year. In this way, the taxpayer determines whether additional tax is owed or an excess tax payment is credited to the taxpayer's account.

2. Obtaining forms and instructions. Tax forms and publications may be ordered by calling the IRS toll-free at 1-800-829-3576. A first-time filer may obtain forms at libraries, banks, post offices, or an IRS office. After that first filing, the IRS sends the taxpayer a forms package with instructions each year. Each package is based on the selection of forms the taxpayer submitted the previous year.

IRS offers many free publications to help texpayers. Separate publications give detailed information about allowable deductions, moving expenses, child and dependent care expenses, recordkeeping, and other topics. IRS Publication 17, Your Federal Income Tax, provides comprehensive Information of interest to most taxpayers.

- 3. Accuracy and completeness of the return. Even if a paid preparer or voluntear income tax assistor completes the actual forms, the taxpayer is responsible for any errors or misrepresentations in the forms. If additional tax, interest, or penalties are due, the taxpayer must pay them. The taxpayer is also responsible for keeping a copy of the return and maintaining other records receipts, cancelled checks, and other verification of income and deductible expenses. Having a copy of any tax return can help when a student applies for financial aid to attend college. Many colleges require either a copy of the tax return or information from the tax return. It takes 6 to 8 weeks to obtain a copy from IRS.
- 4. Filing on time. A calendar year return must be filed by April 15, unless April 15 falls on a Saturday, Sunday, or legal holiday. Late returns may accumulate penalties. Returns must be sent to the taxpayer's regional IRS Service Center as listed in the instructions.

Use transparency 18, "Processing Tax Forms," to Introduce a discussion of taxpayer rights. The transparency charts the processing of a tax form, from its receipt by the taxpayer through Its filing and examination. Throughout, the taxpayer has two basic rights: the right to privacy of tax information and the right to appeal IRS-proposed adjustments to a return.

To trace the progress of a tax return, you may use the case study in handout 18-2.





### THOREWOLD SHAPE THE ECOOM

Your students may have further questions about tax examinations. What would have happened to Nancy and Jeff had they been unable to reach agreement with the IRS? What if repeated appeals had failed? What about people who neglect to pay the taxes they owe? Point out that if Tax Court decisions or other circumstances result in a to:, pili, it is the taxpayer's responsibility to pay the bill or to confer with IRS. If students have questions about the final resolution of such problems, tell them about IRS Collection. IRS Collection has the legal power to collect unpaid taxes by filing a federal tax iien (a public notice that the federal government has a legal interest in someone's property) or by levying on the taxpayer's property. (A levy is the taking of property to satisfy taxes owed. A levy can be made on wages, bank accounts, cars, or other property. The IRS has the legal authority to seil the property to pay the tax, if necessary.) IRS Collection will take lien or levy actions only as a iast resort. Before taking any of these steps, a revenue representative or officer will try to contact the taxpayer to make arrangements for payment. The law requires that each taxpayer meet his or her tax liability.

### EXTENDING THE LEGGE

To encourage voluntary compliance and accurate completion of forms, iRS supplies millions of copies of publications that contain answers to specific questions. Ask students to request at least one such publication by cailing the previously mentioned toil-free forms order line and to use the publication to research an answer to a tax question. See Publication 910, Guide to Free Tax Services, for a complete list of available publications. Successful students will be more likely to repeat the process when they become taxpayers.

### Answers to handout questions

- 1. True. The peel-off label and the envelope provided by the iRS are designed to speed the processing of returns. The coded label prevents errors in your name and social security number that could delay your refund. The special envelope is designed to be opened quickly at the IRS Service Center, and is preaddressed to ensure that it arrives at the correct destination. There is no information on either the label or envelope that would cause a tax return to be selected for examination.
- 2. False. The IRS telephone system is not used to screen taxpayers for future tax examinations. The calls may be monitored, but only to make sure you receive accurate and courteous responses to your questions. No record is kept of a caller's name.
- 3. True. All IRS employees work for a salary. The money they collect has no effect on their paychecks.
- 4. True. The date you mail your return has no effect on whether or not your return will be selected for examination. The sophisticated computer system that selects returns for examination gives the same treatment to all returns regardless of when they are filed.
- 5. False. IRS personnel will give you the benefit of all allowable deductions you make known to them. They will also advise you concerning other adjustments or credits to which you may be entitled. If facts and figures remain the same, the tax will be identical no matter who prepares the return.

- 6. Faise. There are three possible results of an examination: more tax, less tax, or no change to your tax. Since most returns are selected for examination because there is a good probability of additional tax, many examinations do result in increased tax. However, many taxpayers come away from an examination with an additional refund or with no change at all.
- 7. False. If the IRS makes an error, bringing the error to the IRS's attention usually brings a correction. However, if your attempts to correct the error fall, you should contact the Problem Resolution Office by calling the IRS, asking specifically for that office. The office will make sure your problem receives proper attention.
- 8. True. The IRS makes a special effort not to examine returns of the same people repeatedly. In fact, the IRS has a program called the Repetitive Examination Procedure designed to ensure that no taxpayer is examined for two consecutive years on the same issue, if the first examination resulted in no change in tax.
- 9. False. If you receive a notice from the IRS that you owe money, don't ignore it, even if you can't pay right away. Call your IRS office to discuss the possibility of making installment payments. The IRS only seizes property or places levies on wages as a last resort. Taxpayers should always file on time, even if they cannot pay, and should contact the IRS about payment arrangements when the balance due notice arrives.

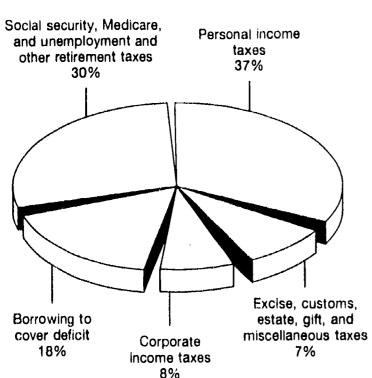
**TRANSPARENCY 1A-1** 

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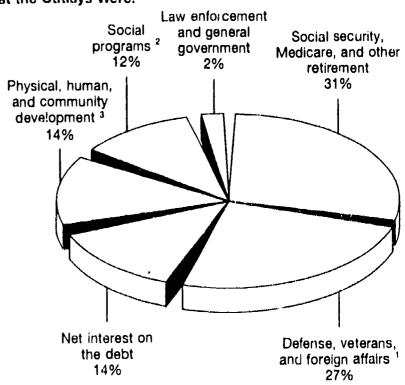
# FEDERAL TAXES AND SPENDING, 1990

### The Government Dollar

Where the Income Came From:



### What the Outlays Were:



About 23% was for defense, 2% was for veterans benefits and services, and 1% was for foreign affairs including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad





About 7% was spent to fund Medicaid, food stamps, aid to families with dependent children, supplemental security income, and related programs. About 5% was spent for health research and public health programs, unemployment compensation, assisted housing, and social services.

<sup>&</sup>lt;sup>3</sup> This category consists of agricultural grograms, natural resources and environmental programs, transportation programs, aid for elementary and secondary education and direct essistance to college students; job training programs; economic development programs including deposit insurance; and space, energy, and general science programs.

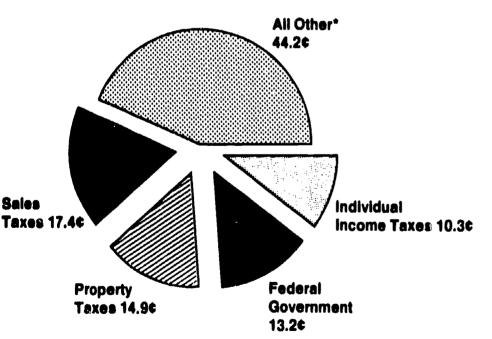
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**TRANSPARENCY 1A-2** 

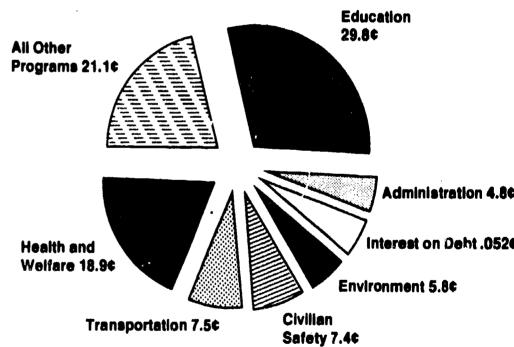
# STATE AND LOCAL **TAXES AND SPENDING, 1989**

The State and Local Dollar

Where it came from:



Where it went:

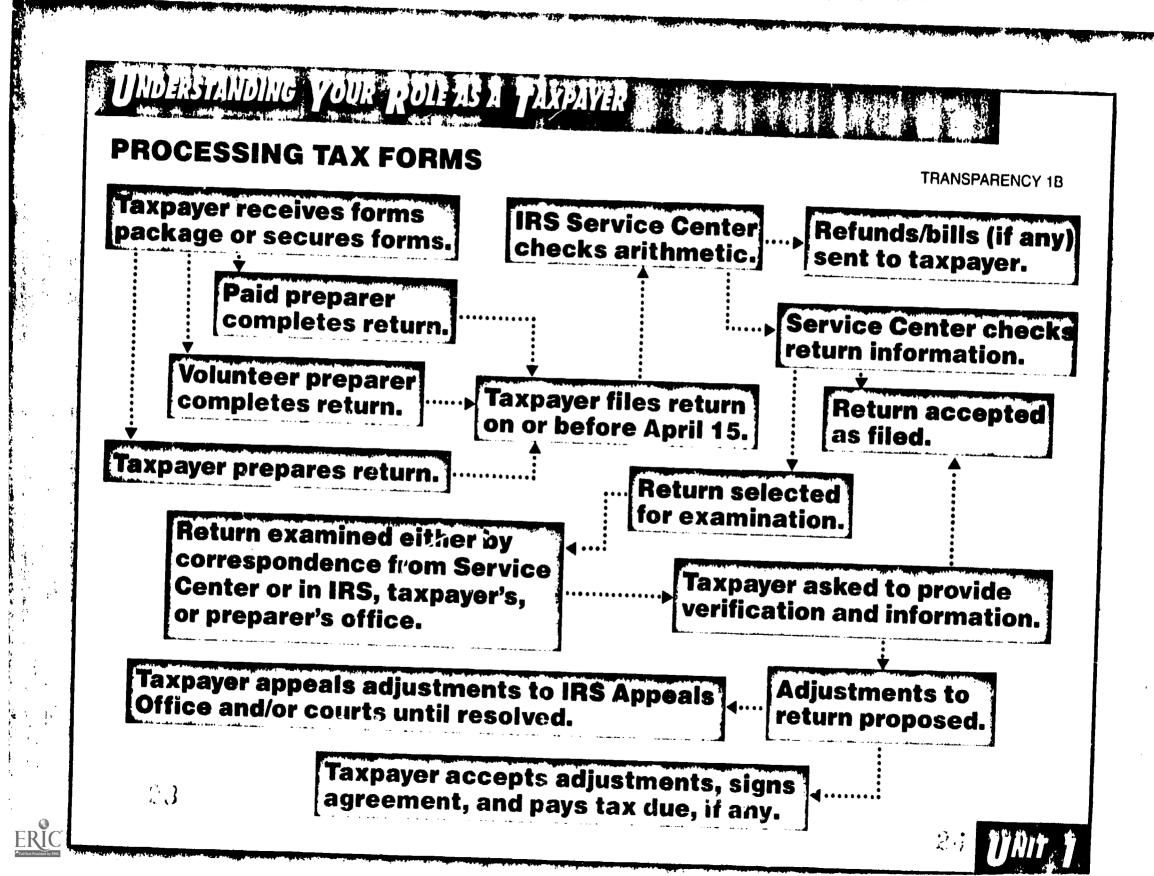


<sup>\*</sup> includes other taxes, changes, misc. revenue, utilities, liquor stores, and insurance trust revenues.









### STUDENT HANDOUT 1B

### **Processing Your Tax Return**

Read the statements below. If a statement is true, write T in the blank to the left; if the statement is false, write F.

1.	Using the peel-off label and coded envelope from your tax package may speed up your refund.
2.	If you call IRS, the call may be recorded and your return may be marked for examination.
3.	IRS agents and revenue officers work on salary – that is, they don't receive any percentage of the money they collect from delinquent taxpayers.
4.	Whether you file your return early or at the last minute doesn't affect the chance of having your return selected for examination.
5.	If IRS representatives assist you with your return, they won't allow deductions that others would, and your tax will be more.
6.	You will definitely owe more tax if your return is examined.
7.	When IRS makes a mistake, it never gets corrected.
8.	If your tax return is examined once, it is less likely to be examined year after year.
9.	If you owe taxes and cannot pay right away, the IRS will seize all your property.

UNIT



STUDENT HANDOUT 1B

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NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

# **BUSINESS REPLY MAIL**

FIRST CLASS PERMIT NO. 12686 WASHINGTON, DC

POSTAGE WILL BE PAID BY IRS

Internal Revenue Service UNDERSTANDING TAXES P.O. BOX 1400K DAYTON, OH 45414



NO FOSTAGE NECESSARY IF MAILED IN THE UNITED STATES

# **BUSINESS REPLY MAIL**

FIRSTCLASS PERMITNO 12686 WASHINGTON, DC

POSTAGE WILL BE PAID BY IRS

Internal Revenue Service UNDERSTANDING TAXES P.O. BOX 1400K DAYTON, OH 45414



### UNIT 2

### UNDERSTANDING TAX FORMS



MPORTANT:

These materials are designed for ease of úse and flexibility in a variety of classrooms. They should be sufficient for your students to understand the common features of the commón forms. Some issues unlikely to affect your students. are not treated in full here, in order to keep the materials simple and easy to use. Additional sources of information about issues not covered here are the actual instructions for the federal tax forms and **Publication 17, Your** Federal Income Tax. You may request these materials from the Internal Revenue Service by calling 1-800-829-3676,

### **OVERVIEW**

Unit Two of Understanding Taxes is the "how-to" section of the program. It is designed to give you and your students the materials and information you need to understand the most common forms taxpayers use to comply with federal tax laws. Unit Two contains a wide variety of materials — more than any other Understanding Taxes unit. These include:

- This 24-page teacher's guide;
- A software supplement for Apple II computers or IBM-compatible computers; and
- A separate folder containing:
- 1. Seven transparencies.
- 2. Eighteen pages of sample forms.
- 3. Two pages of Tax Tables.
- 4. Fifteen handouts.

Like the other teacher's guides in Understanding Taxes, this one contains lesson plans for the unit's three lessons. It also contains reduced-size versions of tax forms showing the solutions to the problems presented in each lesson.

The software supplement contains a self-paced, interactive guide that takes students through filling out Form W-4, understanding Form W-2, and completing Form 1040EZ.

Reproducible handouts include flowgharts and instructions for deciding important (and frequently confusing) questions that arise in dealing with tax forms, and simple, step-by-step guides to completing Form 1040EZ and Form 1040A.

The transparencies contain the most important forms in a format that callows you to project them for an entire class, fill them in with an erasable marker, and reuse them as coften as you like. The actual sample tax forms can be photocopied to cyield classroom quantities.

# THE SOFTWARE SUPPLEMENT

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optional. In general, the software contains the simplest, most "friendly" introduction to filling out tax forms. Use the software to introduce each student separately to the concepts, then follow up with pencil and paper materials. Or introduce the pencil and paper materials first and use the software as a remedial aid for students who have difficulty. Be sure to preview the software yourself before offering it to a student.

The Apple software will run on any Apple II + , IIe, IIc, or GS computer. The diskette contains programming on both sides, and you will be reminded when it should be turned over. You may make copies of this diskette. Use any standard copying program; be sure to copy both sides. The IBM-compatible software will run on any IBM-compatible com-

run on any IBM-compatible computer. This diskette is double-sided, double-density, and can be copied like any other MS-DOS diskette, using any standard copying program or you may use this program to copy this diskette.

Purpose
To help students
understand that
taxpayers are
responsible for
paying income taxes
as income is earned

through payroli

withholding.

### **OBJECTIVES**

Students will explain how employees use Form W-4 to tell their employers how many withholding allowances they are claiming.

Students will, given sufficient information, correctly complete Form W-4.

Students will identify the importance of the information contained in a Form W-2 received from an employer.

Students will describe the use of Form 1099-1:47.

Students will decide, given sufficient information, whether someone is exempt from withholding; how many withholding allowances someone can claim; and whether someone can be claimed as a dependent on someone else's tax return.

### MATERIALS

### Forms

- = Form W-4, front and back.
- Form W-2.
- Form 1099-INT.

### Transparencies

- Transparency 2A-1, "Form W-4," front.
- Transparency 2A-2, "Form W-4," back.

### Handouts

Handout 2A-1, "Are You Exempt from Withholding?"

- Handout 2A-2, "The Dependency Tests."
- n Handout 2X-1, "Problems."
- # Handout 2Q, "Quiz,"

### Software Supplement (optional)

- Section B, Tax Withholding and Form W-4.
- Section C, From Form W-4 to Form W-2.

### **KEY TERMS**

Dependent — A person who relies on someone else for support, etc. A dependent generally may not be the taxpayer or his or her spouse. A taxpayer may claim an exemption for a dependent if the dependency tests are met. There are five dependency tests: income, Citizen or resident, Married person, Relationship, and the Support test.

Earned Income – Income, such as wages, salaries, tips, net earnings from self-employment income, employee compensation, or anything of value (money, goods, or services) received for personal services.

Gross income – All income you received in the form of money, goods, property, and services that is not exempt from tax by law.

Interest Income – Income received from savings accounts or from lending money to someone else.

Tax Withholding – Money that an employer withholds from an employee's wages and that the employee applies against tax liability.

Unearned Income – income received due to savings, inventante, rentais, etc., where no personal services are performed.

Withholding Allowance – Claimed by an employee on Form W-4. An employer uses the number of allowances claimed, together with income eached and marital status, to determine how much income tax to withhold from wages.

### OPENING THE LESSON

Three main concepts ile behind the use of the forms discussed in this lesson. (Each concept is touched on elsewhere in Understanding Taxes.) Write the following statements on the chalkboard:

1. Compliance with tax laws in the U.S. is voluntary.

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- 2. The federal income tax is a pa as-you-go system.
- 3. The taxpayer decides how muan employer withholds for federa income taxes.

Have students discuss each of the statements. To ensure that the statements understand these important concepts underlying our federal to system, the following points shou be made during the discussion: Points to Cover

- sompliance. The responsibility for meeting the requirements of the law is left to the taxpayer. The entire federal income tax system is based on trust trust in citizens to know their responsibilities and to do what needs to be done Taxpayers follow the steps the taystem suggests (in other words they "comply") on their own voluntarily.
- Pay-As-You-Go System. Income tax is tax you pay on anything of value (money, goods, and services) that you earn or receive from others that is not exempt by law. Federal Income tax is due when the income is earned or received not just at the end of the year. As you receive a paycheck, a certain amount of your pay is kept by your employer and forwarded to the federal government. This money is applied toward the income tax you owe. This is called "tax withholding."
- withholding. The taxpayer, through voluntary compliance, decides how many allowances he or she can claim for withholding purposes. The employer uses this information in figuring the correct a nount to withhold from the employee's wages. Withholding serves the taxpayer's interest. Without it many people would be unable to save erough money to pay their income taxes all at once. Government services might be much less dependable if everyone paid taxes at the same time.

### DEVELOPING THE LESSON

introduce Form W-4 by handing out copies made from the sample form or by projecting transparency 2A-1. Go over the form with students, pointing out the following:

a Chily the small section at the bottom of the form is actually given to the employer.

- The rest of the form consists of instructions and "worksheets" to help the employee determine his or her withholding ellowances.
- Form W-4 can be used by all employees whether their tax situation is simple or complex. So there are some worksheets on the form that most students do not need.
- Each person uses a separate Form W-4. If you have a working spouse or have more than one job, figure the total number of allowances you are entitled to claim on all jobs (including your spouse's) using the worksheets from only one Form W-4.

The following sequence of activities demonstrates how to complete Form W-4, using copies made for students and/or the projected transparency.

- 1. Fill in lines 1 (name and address) and 2 (social security number). This is a good time to point out the importance of accuracy. If any student does not have a social security number, tell him or her to apply for one, using Form SS-5, available from your local Social Security office by calling 1-800-234-5772.
- 2. Before proceeding, look at the question of whether some students might be exempt from withholding. Your resources for discussing this issue are the instructions for Form W-4 and handout 2A-1, "Are You Exempt from Withholding?" which guides the student step-by-step through the decision-making process. (Section B of the software supplement also addresses this issue.) Exempt students would complete only lines 1, 2, and 6 of Form W-4.
- 3. Next, students will have to think about the number of allowances they claim. You may use the worksheet on the front of Form W-4 or the optional software to help them. Explain that the additional worksheets on the back of Form W-4 are used by taxpayers with complex situations. You may have students who should use the "Two-Earmer/Two-Job Worksheet." A semple copy of the back of the form is supplied for you to share with such students.

- 4. In the course of counting their allowances, students may have to learn the meaning of "dependent" as it is used on federal tax forms. To help them, use handout 2A-2, "The Dependency Tests," which guides the student through the five tests for dependents. These dependency tests are important in filling out all of the forms covered in Understanding Taxes. Students should keep handout 2A-2 for further use.
- 5. Make sure that students complete line 3 and that they understand that, in general, single tax rates are higher than those for married people.
- 6. Finally, remind students to read the words preceding the signature line, to double-check their entries, and to sign and date the form.

Inform students that using the information the employee provides on Form W-4, the employer withholds taxes from his or her pay. At the end of the year, the employer uses Form W-2 to inform the employee and the Internal Revenue Sorvice of how much was withheld and how much was earned during the year. By law, the employer must give you a Form W-2 by January 31 of the following year.

Use the sample form to make blank copies of Form W-2 and distribute them to your students. Point out the most important sections, or "boxes":

- **Box 2** the name and address of the employer.
- Box 5 the employee's social security number.
- Box 9 –the amount of money withheld as federal income tax.
- Box 10 the employee's wages, tips, and other employee compensation for the year.
- Box 19 the name and address of the employee.
- Tell students that Copy B of each Form W-2 must accompany the tax return that each taxpayer files. Remind them to always double-check the information on their Forms W-2 for correctness and to report any problems to their employers right away.

Form 1099-INT, A sample of Form 1099-INT is also provided for you to copy and distribute to students. This is another form a taxpayer might receive showing income for the preceding year. The difference between the two forms is that Form 1099-INT shows interest income, one kind of "unearned income;" - Income other than pay for personal services (work) performed. Many students have savings accounts or other interest-bearing investments for which they would receive a Form 1099-INT, Box 1 on this form shows interest earned. This form does not need to be attached to a tax return.

Have students complete problems A1, A2, A3, A4, and A5 on handout 2X-1, "Problems." Answers to these problems appear at the end of this guide.

Have students complete quiz probiems A1, A2, A3, and A4 on handout 2Q, "Quiz." This will help you determine students' understanding of Form W-4. If students have trouble completing the problems, you might want to go over the form again with the students. Answers to both probiems appear at the end of this guide.

Note: For students to do the probiems and the quiz, they will need copies of Form W-4.

Provide additional examples for which students should fill out correct Forms W-4.

To help students understand that taxpayers voluntarily report their income to the government by "filing" a tax return, that three forms exist for filing, and the simplest form is Form 1040EZ.

Students will define the expression "filing a tax return."

Students will de armine, given sufficient information, whether an individual is required to file a return.

Students will identify the specific tax return form that taxpayers should

Students will complete Form 1040EZ accurately.

### Forms

- Form W-2.
- Form 1099-INT.
- = Form 1040EZ, front and back.
- = 1991 Tax Tables.

### Transparencies

- m Transparency 2B, "Form 1040EZ,"
- m Transparency 28-1, "Form 1040EZ," back.

### Handouts

- m Handout 2A-2, "The Dependency Tests." (Unit Two, Lesson A)
- m Handout 26-1, "Should You File A Tax Return? -- Single Taxpavers who are not claimed as dependents."
- # Handout 2B-1A, "Should You File A Tax Return? --- Married Taxpayers who are not claimed as dependents."
- m Handout 2B-1B, "Should You File A Tax Return? -- Single Dependents."
- m Handout 2B-1C, "Should You File A Tax Return? -- Married Dependents."
- Handout 2B-2, "Which Tax Return Should You Use?"
- m Handout 2B-3, "Form 1040EZ Step-by-Step."
- m Handout 2X-2, "Problems and Exercises."
- m Handout 2Q, "Quiz."
- Suftware Supplement (optional)
- Section D. Filing Your Tax Return.
- Section E. Completing Form 1040EZ.

### .. TERNIS

Adjusted Gross Income - Total gross income reduced by certain adjustments (such as the IRA deduction and the deduction for alimony paid).

Exemptions - An americal allowed to each individual. For 1301, this amount is \$2,150. This amount reduces income on which you pay tax. Personal exemptions may be claimed by a taxpayer and the taxpayer's spouse. Dependency exemptions may be claimed for qualified dependents.

Filing Status - Based on taxpayer's marital status on the last day of the year and other factors, the filing status determines the rate at which income is taxed. There are five filing statuses: Single, Head of Household, Married Filing Jointly, Married Filing Separately, and Qualifying Widow(er) with dependent child.

Itemized Deductions - The deductible medical expenses, taxes, inter-3 2

est, charitable contributions, employee business expenses, and miscellaneous deductions are specified and totaled by the taxpayer. The taxpaver must use Form 1040 to itemize.

Standard Deduction - An amount given a texpayer in lieu of itemizing each specific deduction. The amount varies depending on the filing status and the dependency status of the taxpayer. Being age 65 or older and/or being blind will increase the standard deduction, also.

Tax Lisbility - The total tax to be paid before any tax credits, tax withholding, or estimated tax payments are applied.

Taxable Income - The income on which tax liability is determined.

Ask students whether everyone must file an income tax return. The answer is "No." So the first question your students should consider is "Should I file a return?" There is a shortcut to an answer for many students: if they have had tax withheld from their pay, then they have to file a return in order to get that money refunded, even if they have no tax liability.

For a more complete answer, use the four handouts entitled, "Should You File a Tax Return?". These handouts help the students find out if they should file a return based on their filing status and their dependency status. Have students work through the handouts using their own or made-up situations. The Instructions for Form 1040A and sed tion D of the software supplement provide additional information on this issue.

Once it is determined that a taxpaye must file a return, ask students how the taxpayer decides which form to use: Form 1040EZ, Form 1040A, or Form 1040. (Most students using Understanding Taxes will use Form 1040EZ: some will use Form 1040A: a few will need to use Form 1040. The emphasis in these materials is on the forms most likely to be used.



# BEST COPY AVAILABLE

Form 1040EZ is covered in pencil and paper format and extensively in the software supplement. Form 1040A is dealt with on paper only. Form 1040 is referred to but not covered in detail.)

Handout 2B-2, "Which Tax Return Form Should You Use?" provides a step-by-step way to determine which form a taxpayer should use. Distribute copies of handout 2B-2 and have students use it to figure out which form they or fictitious taxpayers should use. The instructions for each form will provide additional information about making this decision as will section D of the software supplement.

To lead your students through Form 1040EZ itself, you will need to provide 1) copies of the form, which can be made from the samples provided; 2) transparencies 2B-1 and 2B-2, which you can project for whole-class viewing; and 3) copies of handout 2B-3, "Form 1040EZ Step-by-Step." (The software supplement contains the most complete information about filling out Form 1040EZ. If you are unable to share this with students, you may want to use it yourself to prepare.)

Handout 2B-3. "Form 1040EZ Stepby-Step," is designed as a checklist so that students can check off each step of the process as they understand and complete it. Project transparency 2B-1 as students work through the form using the handout as a reference aid.

Use problem B1 from handout 2X-2, "Problems and Exercises," as a class demonstration or as a practice exercise. The filled-in answer appears at the end of this guide.

### 计同时 网络克拉特特 计数据 电双转换电路

Present students with problems B2, B3, B4, B5, and the exercises from handout 2X-2. Try more examples for additional practice, using information you supply or information made up by your students. The filled-in answer appears at the end of this guide.

Have students complete quiz problems B1, B2, B3, B4, B5, and B6 on handout 2Q, "Quiz." This will help you determine students' understanding of Form 1040EZ. If students have trouble completing the problems, you might want to go over the form again with the students. Answers to the problems and exercises appear at the end of this quide.

Note: For students to do the problems and the quiz, they will need copies of Form 1040EZ, and the Tax Tables.

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Invite a tax accountant or a tax examiner from your district IRS office to speak to your class. You can reach them by calling the tax assistance and information number listed in your local telephone book or 1-800-829-1040. Ask for either the District Public Affairs Office or Taxpayer Education Coordinator's Office. Students might want to ask about common filing errors (see back of Form 1040EZ), how tax returns are reviewed and examined, and what kind of planning might be beneficial to them for future years.

Another situation your student may commonly encounter is tip income. Sometimes people think tip income isn't taxable, but it is. There are special rules regarding reporting tips to your employer, depending on whether tips were less than \$20 or \$20 or more during a month. The following discussions refer only to tips paid by cash, charge, and check.

Less than \$20 of tips in one month. If you receive less than \$20 in tips while working for one employer during a month, you do not have to report them to that employer. But you must include the tips in gross income on your income tax return. You do not have to pay social security or Medicare tax, or railroad retirement tax on these tips.
\$20 or more of tips in one month. If you receive tips of \$20 or more in a month while working for any one employer, you must report the total amount of your tips to that employer

by the 10th day of the next month. To report tips to your employer, you may use Form 4070 "Employee's Report of Tips to Employer."

Example 1. You work for Watson's Restaurant during the month and receive \$75 in tips. Because your tips are more than \$20 for the month, you must report the \$75 to your employer.

Example 2. You work for Watson's Restaurant during the month and receive \$17 in tips. in the same month you work for Parkview Restaurant and get \$14 in tips. Even though your tips fotal \$31, you do not have to report them to either employer because you received less than \$20 in tips from each job. However, you should keep a record of the \$31 because you must report it as income on your tax return.

You must report all tips as wages on Form 1040, Form 1040EZ, or Form 1040A, including the value of tips not paid in cash, such as passes, tickets, goods, or services. However, if you received tips of \$20 or more in a month and you did not report all of them to your employer, you must file Form 1040.

For more information, see Publication 531.



To help students
understand the
correct use of Form
1040A and, in
general, the purposs

of Form 1040.

### . . . . .

Students will complete Form 1040A accurately.

Students will describe the function of Form 1040.

### **Forms**

- € Form W-2.
- Form 1099-INT.
- Form 1040A, and Schod…has.
- 1991 Tax Tables.

### Transparencies

- Transparency 2C-1, "Form 1040A," front.
- Transparency 2C-2, "Form 1940A," back.
- a Transparency 2C-3, "Schedule 1."
- Transparency 2C-4, "Standard Deduction Charts and Worksheets."

### **Handouts**

- Handout 2C-1, "Form 1040A Stepby-Step."
- Handout 2C-2, "Standard Deduction Charts and Worksheets."
- = Handout 2X-3, "Problems."
- = Handout 2Q, "Quiz."

### CTERMS

Credits - A direct reduction of the tax owed. (Credits are applied dollar for dollar against tax liability.) Some credits are the child care credit and the earned income credit for low-income taxpayers.

Dividends – Ordinary dividends are a corporation's distributions to its shareholders from its earnings and profits.

Earned income Credit – A refundable credit for low-income workers with a qualifying child who lives with them in their home in the United States. This credit may be refunded to the eligible worker even if no income tax was withheld from the worker's pay. To receive a refund of the earned income credit, a taxpayer must file a tax return and must fill out Schedule EIC (Form 1040A or 1040) and attach it to his or her return.

### San Printer Barrell Committee Commit

Form 1040A occupies a position between the simpler Form 1040EZ and the more complicated Form 1040. Remind students about this fact by reviewing handout 2B-2, "Which Tax Return Should You Une?" (used as a part of Unit Two, Lesson B) to clarify the conditions under which Form 1040A is the best form to use.

Distribute Form 1040A and schedules. Explain that Schedule 1 is used to report interest income of more than \$400, and/or dividend income of more than \$400. Schedule 2 is used to claim a credit for child care and dependent care expenses. Schedule 3 is used to claim a credit for being disabled or 65 years of age or over. Schedule EIC (Form 1040A or 1040) is used to claim the earned income credit. This lesson is limited to interest income reported on Form 1099-INT. If you wish more information about Schedule 2, Schedule 3, Schedule EIC (Form 1040A or 1040), or dividend income, read the full instructions for Form 1040A.

Resources for this lesson include 34 materials sufficient to deal with the

most common ways of using Form 1040A. To secure a copy of the Form 1040A instructions, call IRS toll-free at 1-800-829-3676.

Distribute handout 2C-1, "Form 104QA Step-by-Step," along with copies of the form itself. Project transparencies 2C-1, 2C-2, 2C-3, an 2C-4 as needed. The two-page handout is designed as a checklist. Have students check off each step of the process as they understand and complete it.

Use problem C1 (from handout 2X-3 "Problems") as a class demonstration or as a practice exercise. The filled-in Form 1040A and Schedule appear at the end of this guide.

Have students complete problems C2, and C3 from handout 2X-3. Try more examples for additional practice, using information you supply of information made up by your students. The filled-in answers appear at the end of this guide.

Have students complete quiz problems C1, C2, C3, C4 and C5 on handout 2Q, "Quiz." This will help you determine students' understanding of Form 1040A. If students have trouble completing the problems, you might want to go over the form again with the students. Answers to the problems appear at the end of this guide.

Note: For students to do the problems and the quiz, they will need copies of Form 1040A (pages 1 and 2 and Schedule 1), instructions for Form 1040A, and the Tax Tables.

If your students are interested, explore Form 1040 and its accompanying schedules. Copies of the form and instructions are easily available One good way to approach this advanced study is to suggest that students devise their own "Form 1040 Step-by-Step" checklist. There is no better way to understand the form than by trying to describe it step-by-step in writing.



### **Problem A1**

# 19**92** Form W-4

Department of the Treasury Interr al Revenue Service

molover Can withhold II e correct amount to Federal a come las from your pay

Exemption From Withholding, Read one first tre stampson from arounding seasoner of the confidente brown to see if you can cum exempt status. If element complete me 7, but up not complete when 5 and 6. No Federal income tax is it be withheid from your pay. Your exemption is good for one year unity it expires February 15, 1993.

Bosic Instructions: Employees who are risk eventor uld complete the Personal allowances Worksheel Additional worksheels are projested on page 2 for employees to adjust tree withfield to anywances based on itemited pedu trans adjustments to income, or two earner two -ab Musicians, Complete all earlichmets that aced to your situation. The worksheets will help you figure

the number of withousing allowances you are entitled to claim. However, you may claim fewer anceances than the

Head of Household, Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the crists of keeping up a home for yourself and your dependential or other qualitying individuals.

Honwage Income in you have a large amount of nonwage income such as inferest or dividends, you Should consider making estimated this payments using Form 1040 ES. Otherwise you may find that you own abstronal like at the end of the year.

Two-Earner/Two-Jobs: If you have a wixing. spouse or more than one lob. Love the total number of anuwances you are entitled to cuem up an Jubs using worksheets from only one form

W.4. This intal should be during among as who Your withholding will insolably be most accurate when all allowances are claimed on the Will fined for the highest paying inb and rero alloware as are claimed

Advance Earned Income Credit of you are equite for this create you can receive it when to your parcheck throughout the year For details, get from Vi 5 from your employer

Check Your Withholding After and W. & rakes effect, you can use Pub \$18, Is kir Withtushing. Correct for 1992? To see how the dotar amount pure are having withheid compares to your estimated folar annual tax. Call 1,800 829, 3616 to order this publication. Check your local (People) is directory for the IRS assistance number if you need further neigh-

### Personal Allowances Worksheet

For 1992, the value of your personal exemption(s) is reduced if your income is over \$105 250 (\$157.900 if married filing jointly \$131,550 if head of household, or \$78,950 if married filing separately) Get Pub 919 for details

- A Enter 11 for yourself it no one else can claim you as a dependent . You are single and have only one job or
  - You are married have only one job, and your spouse does not work or
- Your wages from a second job or your spouse's wages for the total of both) are \$1,000 or less. C. Enter 1. for your spouse. But you may choose to enter .0- if you are married and have either a working spouse or
- more than one job ithis may belp you avoid having too little fax withheld). D. Enter number of dependents (other than your spouse or yourself) whom you will claim on your tax return
- Enter "If if you will life as head of household on your law return (see conditions under Thead of Household Tabbove) E
- F. Enter "3" if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit G Add lines A through F and enter total relie. Note: This amount may be different from the number of exemptions you carm on your return. 🕨 G
- If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions

For accuracy worksheels that apply

- and Adjustments Worksheet on page 2 ◆ If you are single and have more than one job and your combined earnings from all jobs exceed \$29,000 ØR IF.
- you are married and have a working spouse or more than one job; and the combined earnings from all jobs exceed \$50,000 see the Two Earner/Two Jub Worksheer on page 2 if you want to avoid having too little (as withfield # If neither of the above 5 tuations applies, stop here and enter the number from tine G on tine 5 of Form W 4 below

Cut here and give the certificate to your employer. Keep the top portion for your records

... W-4

### **Employee's Withholding Allowance Certificate**

1992

For Privacy Act and Paperwork Reduction Act Notice, see reverse

2 Your social security number

1. Type or print your lirst name and middle initial

Last name Horne address (number and street or rural route) 3 [ ] Single [ ] Married [ ] Married but withhold at higher Single rare

City or town, state, and ZIP code

- Hole if married in conjunt separates in somise it and crassient area, they are Single hos-4. If your last name differs from that on your social security card
- check here and call 1 800 772 1213 for more information (F.)

footonall

- Total number of allowars es you are claiming from line G above or from the Worksheets on back if they apply) [5]
- Additional amount if any you want deducted from each paycheck
- I claim exemption from withholding and I certify that I meet ALL of the following conditions for exemption
- · Last year I had a right to a refund of ALL Federal income tax withheld because I had NO tax liability. AND
- This year I expect a refund of ALL Federal income tax withheld because I expect to have NO tax habitity. AND
- This year if my income exceeds \$600 and includes norwage income, another purson cannot claim me as a dependent.
- If you meet all of the above conditions, enter the year effective and "EXEMPT" here **▶** 7 19 8 Are you a full time student? (Note: Full time st. Jents are not automatically exempt) Under penalties of person I certify that I am entitled to the number of withholding anywardes claimed on this certificate or entitled to claim examplistatus

# (TYes L.) No

Employee's signature P	Pale 🕨	19
<ul> <li>Employer's name and address (Employer: Complete 9 and 1</li> </ul>	1 only it sending to the IRSH to Office code 11 Employe	r identification numb



CAT NO 1022012

### Problem A2

# 19**92** Form W-4

Department of the Treasury Internal Revenue Service

Purpose Complete Form W 4 so that you interal ecome tax from your pay

trivotion From Withholding. Read the Fighthe Sale below to see if you can claim exempt u.s. eadings connecte the 7 but show for were notes 5 and 6. No Federal income take will be withhed librin your pay. Your exemption is good for one year unly. It expires February, 15, 1993.

Basic Instructions E-trabutes also are not exempt should complete the Personal Advisor, es.
Worksheet: Additional worksheets are printed on page 2 for emotoyees to adjust their withholding allowarces based on temited or schools adjustments to income or two earner two stuations. Complete all worksheets that apply to your situation. The worksheets will help you fullie.

the number of withholding allowances you are entired to claim. However, you may claim few annuances than this Head of Household, Generally, you may claim need

of household filing status on your lax return only in your 44 unmarried and pay mixel than 50% of the costs of keeping up is home for yourself and your dependentiss or other qualifying individuals Nonwage Income. If you have a taxoe amount of

remissing income in you have a large amount or romissing income, such as interest or dividends, you should consider making estimated lair playments using form 1040 ES. Otherwise, you may find that you have additional last at the end of the year Two Earner/Twe-Jobs if you have a working Two tempers we look in you have a working spouse or micre than one jubit figure the total number of anowances you are entitled in claim or all jobs, it no worksheets from only one Form

W. 4. This total should be divided among all jubs. Your withholding will usually us most accurate when all answances are claimed on the W. 4.14ed for the ng job and zero allowances are claimed

Advance Earned Income Credit. If you are wigate for this credit you can receive it added to you paycheck throughout the year for details get form

Check Your Withholding After your W-4 takes effect you can use Pub. Big. is My Water riding Correct for 1992? to see how the durar amount you are having withheld companes to your estimated total annual tail. Call 1:800-829-1676 to order this publication. Check your local rerephone of rectory for 875-855 stance number if you need further help

### Personal Allowances Worksheet

For 1992, the value of your personal exemption(s) is reduced if your income is over \$105.250 (\$157.900 if married filing jointly, \$131,550 if head of household, or \$78.950 if married filing separately). Get Pub. 919 for details.

- A Enter 11" for yourself it no one else can claim you as a dependent You are single and have only one jub, or You ale married have only one robilland your strouge does not work or
- \* Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less. C. Enter 11 for your spouse. But you may choose to enter -0, if you are married and have either a working spouse or more than one job (this may help you avoid having too little fax withheld).
- D. Enter number of dependents (other than your spouse or yourself) whom you will claim on your tax return
- E. Enter 11 if you will file as head of household on your last return (see conditions under "Head of Household." above: F. Enfer. IT if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit
- If you black to decrease or claim adjustments to income and want to reduce your withholding, see the Dedoctors.

For accuracy du all worksheels Inal apply

- and Adustown's Worksheet on cade 2 • If you are single and have more than one job and your combined rainings from all jobs exceed \$29,000 OR if
- your are married at diffuse a working spouse or more then one job, and the combined earnings from all jobs exceed \$50,000, see the Two Earner/Two Job Worksheet on page ? ii you want to avoid having too little tax withheld. • If neither of the above situations applies, atop here and enter the number from line G on line 5 of Form W 4 below
- Cut here and give the certificate to your employer. Keep the top portion for your records.

... W-4

### Employee's Withholding Allowaice Certificate

For Privecy Act and Paperwork Reduction Act Notice, see reverse

OMEN, 1515 Jose 1992

1. Type or print your first name and middle initial Last name

2 Your social security number

Home address (number and street or rural route) 3 [] Single [] Married [] Married but withhold at higher Single rate Rate. If married it it equals sens and its sense is a non-existent ideal character Single box 4. If your last name differs from all on your social security card

City or town state and ZiP code Check here and call 1 800 772 1213 kii more information

5. Total number of allowances you are claiming from line G above or from the Worksheets on back if they apply;

6 Additional amount if any you want deducted from each paycheck 7 If claim exemption from withholding and I certify that I meet ALL of the following conditions for exemption

• Last year life dia right to a refund of ALL Federal income tax withheld because I had NO tax hability. AND 5 This year fillipect a refund of ALL Federal income tax withheld because I expect to have NO tax liability, AND

. This year if my income exceeds \$600 and includes nonwage income, another person cannot claim me as a dependent

If you meet all of the above conditions, enter the year effective and "EXEMPT" here. **▶** 7 19 Are you a full time student? (Note: Full time ! tudents are not automatically exempt.)

8 Yes [] No Under penalties of perury. I certify that I am entire I to the 7- moet of withholding allowances claimed on this certificate or entated to claim exempt status

9 Employer's name and address (Employer, Complete 9 and 11 only if sending to the IRS) 10 Office code 11 Employer identification number

Car No 102200

35

### **Problem A3**

Form W-4

Department of the Treasury Internal Revenue Service

Purpose. Complete Form W-4 so that your employer can withheld the correct amount of Federal income tax from your pay

Recomption From Withholding, Read Irre 7 of the caráctal betow to see if YOU can cleam exempl status. If searny), complete her 7, But 40 not com-pete lines 5 and 6 No Federal scome tax will be withheld from your pay Your exemption is good to one year only. It express February 15, 1983.

only year only if suppress recruiting 15, 1967. Basic Instructions, Employees who are not exampt should complete the Personal Allowances. Worksheet, Addisonal worksheets are provided on page 2 for employees so adjust thes wetholding slowernes bened on formand deductions, adjustments to excens, or two-sement-wo-pib substones Complete all worksheets will doll to your shuldon. The worksheets will help you figure.

the number of withholding allowences you are entitled to clean. However, you may clean fewer allowences then the

these of Newshold. Generally, you may clean head of household liting status on your tax return only if you are unmarred and pay more than 50% of the costs of heaping up is home for yoursell and your dependent(s) or other qualifying individuals.

Nerwage Income. If you have a large amount of nonverge income, such as interest or dividends, you should consider making estimated tex payments using Form 1986–55. Otherwise, you may find that you owe additional tax at the end of the year.

Two-Earner/Two-Jobs. If you have a working spouse or more than one IOD, figure the total number of allowerces you are entitled to claim on all jobs using worksheets from only one Form

W-4. This total should be divided among all jobs.
Your withholding will usually be most accurate when
all allowances are clamed on the W-4 filed for the high-red paying job and zero allowences are clemed for others.

is se Earned Income Credit. If you are algobe for this credit, you can receive it added to your paycheck throughout the year For datains, get Form W-5 from your employer

Check Your Withholding, After your W-4 takes effect, you can use Pub. 918, is My Withholding Correct for 1982?, to see how the dollar amount you are having withheld companies to your estimated total annual tax. Call 1-800-825-3678 to order this publication. Check your local temphane directory for the IRS assessment number if you need further help.

Personal Allowances Worksheet

For 1992, the value of your personal exemption(s) is reduced if your income is over \$105.250 (\$157.900 if married filing jointly, \$131,550 if head of household, or \$78.950 if married filing separately). Get Pub. 919 for details.

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A E	nter "1" for yo		no one else can						^	
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-	vorksheets	\$50.0	00, see the Two-	Earner/Two-Job	Worksheet on	page 2 if y	rou went to avok	t heving too II	ittie tax withi	reid.
	het apply	• Ha	either of the above	situations applie	s, stop here s	nd enter the	number from line	G on line 5 o	f Form W-4 b	elow.
			hare and give th							
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form	77 " <b>~</b>	.1			_				1 10	מ
	Minters Service	'l _	▶ For Priv	ecy Act and Pape	erwork Reduc	<b>Hen Act No</b>	<del>dice, see reverse</del>		1 16	<u> </u>
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	City or town,	state. a	nd ZIP code		4		t name differs from			card.
	·					check here	and call 1-800-772	· 1213 for more	niormation	<u>. •                                    </u>
5	Total number	of allow	ances you are cla	eming (from line f	G above or fro	m the Worl	isheets on back i	f they apply)	0	
6			any, you want de						A 3	2000
7			m withholding an			ne following	conditions for 6	xemption	339	4644
			ght to a refund of						1000	14:3
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	e This year d	my incor	ne exceeds \$600 :	and includes nonv	wage income. I	unother pers	on cannot claim r		dent ///////	
			above conditions					7 10		- <del></del> -
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Unde	r penames of per	MAN I COLL	ty that I am entated	to the number of with	hholding allowar	cas clamed o	on this certificate of	entifled to cleam	exempl status	
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					C4t No 10220					

### Problem A4, Job 1

### Form W-4



Purpose. Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay

Exemption From Withhelding. Read line 7 of the Examples year treatments and a second control status it seems from the seems of you can claim example status it seems. Complete are 7, but do not complete are 5 and 6. No Federal income tax will be withheld from your pay. Your exemption is good for one year only. It expires February 15, 1993.

Beeld Instructions. Employees who are not exempt should complete the Personal Allowances worksheet Additional worksheets are provided on page 7 for amplityees to adult their withholding allowances based on itemized deductions. adjustments to income, or his-semethiolipb shustons. Complete all worksheets that apply to your shuston: The worksheets will help you figure.

the number of withholding allowances you are entitled to claim However, you may claim fewer allowances than this

Head of Heusehead. Generally, you may claim head of household hing status un your lax return only if you are unmarred and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other quelying individuals.

Nonwage Income. If you have a large amount of nonwage income, such as interest or dividents, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may find that owe additional tax at the end of the year

Two-Earner/Two-Jobs. If you have a working spouse or more than one job, figure the total number of allowances you are antitled to claim on all jobs using worksheets from only one Form W-4. This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 field for the highest paying job and zero allowances are claimed for the others.

Advance Earned Income Credit. If you are eligible for this credit, you can receive it added to your paycheck throughout the year. For details, get Form W-5 from your employer.

W-9 (I'm your employer).

Chack Your Withhelding, After your W-4 takes effect, you can use Pub. 918, is My Withholding.

Correct for 19827, to see how the dotale amount you are naving withheld compares to your estimated total annual tax. Cell 1-800-829-3878 to order the publication. Check your local telephone directory to the IRS assistance number if you need further help.

33

ersonal Allowances Worksheet	For 1992, the value of your personal exemption(s) is reduced if your income is over \$105,250 (\$157,900 if married filing jointly, \$131,550 if head of household, or \$78,950 if married filing separately). Get Pub. 919 for details.	
Enter "1" for yourself if no one else o	an claim you as a dependent	
You are single and	have only one job; or	

		married filing separat	ely), Get Pub. 919 for details.		
A	Enter "1" for ye	ourself if no one else can claim you as a deper • You are single and have only one job; or	ident	 I	
8	Enter "1" d	You are married, have only one job, and yo     Your wages from a second job or your spouse		00 or less.	•
C	Enter "1" for y	our species. But, you may choose to enter -0- job (this may help you avoid having too little to	If you are married and have either a	e working sp	ouse or C
0	Fotor number o	of dependents (other than your spouse or your	self) whom you will claim on your tax	return	D
Ē	Enter "1" if you	will the as head of household on your tax rel	um (see conditions under "Heed of H	lousehold," a	above) . #
		have at least \$1,500 of child or dependent o			
n.	Add lines A throu	gh F and order total here. Note: This amount may be di	Herent from the number of exemptions you i	term on your r	entern 🕨 G
	that apply	\$50,000, see the Two-Earner/Two-Job Worl e it neither of the above situations applies, at Cut here and give the certificate to your of Employee's Withhold	op here and enter the number from inc	u G on line 5 ur records.	
Dogod	Ament of the Indeb. of Revenue Service	" b. For Barrow Ant and Barrows	ork Reduction Act Hotics, see reverse		1952
1		your first name and middle initial	Last name		ocial security number
	Home addro	ss (number and street or rural route)	3 Single Married M M		
	City or town	. state, and ZIP code	4 If your last name differs from check here and call 1-800-772		
5	Total numbe	r of allowances you are claiming (from line G ab	ove or from the Worksheets on back	if they apply	
ī		nount, if any, you want deducted from each pa			6 3
7		ption from withholding and I certify that I meet		xemption:	14. 11 cm
	• Last year I • This year I	I had a right to e retund of ALL Federal income expect a refund of ALL Federal income tax wi	r fax withheld because I had NO fax in their because I expect to have NO	hability, AND tax kability:	AND
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	Home address (number and street or rural route)				PAT CLASS ON STUDIE DOS SK INGLISE STUDIES LINE
	City or town, state, and ZIP code		name differs from and call 1-800-772-		
5 6 7	Total number of allowances you are claiming (from line G abov Additional amount, if any, you want deducted from each payor I claim exemption from withholding and I certify that I meet Al	heck LL of the following	conditions for ea		6 \$
	Last year I had a right to e retund of ALL Federal income to     This year I expect a refund of ALL Federal income tax withit     This year if my income exceeds \$500 and includes norwage in	held because I exp come_ano(" " nerso	ect to have NO ton cannot claim m	ax kability: ANK e es a depende	m limijų, artis
•	If you meet all of the above conditions, enter the year effectiving you a full-time student? (Note; Full time students are not	automatically exem	opt)	7 10	6 Yes No
Unde	r penalties of pararry. I certify that i am entitled to the number of withholding	allowances claimed or	n this certificate or e	nitled to claim exi	ampi štaluš
Emp	loyee's signature P		Dete >		. 19
9	Employer's name and address (Employer Complete 9 and 11 only if	f sending to the IRS)	19 Office code (optional)	11 Employer K	dentification number
	Cal No	102200	<u> </u>	L	



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1992	
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### Form W-4

Department of the Treasury Internal Revenue Service Internal Revenue Service

Purpose. Complete Form W-4 so that your employer can withhold the correct amount of Federal recome tax from your pay

Exemption From Withhelding, Read line 7 of the conflicte below to see if you can claim exempt seasons were viewe in you can been exempt exempt, complete are 7, but do not com-plete has 5 and 6. He Federal income tax sut be withheld from your pay. Your exemption is good for one year only it expire February 15, 1983

Basic instructions. Employees who are not exempt should complete the Personal Allowances Worksheet Additional worksheets are provided on page 2 for employees to adjust their withholding adjustments based on nemined deductions, adjustments to income, or two-semer/two-job estudions. Complete of worksheets that 80PV to your skullen. The worksheets will help you figure

entitled to claim. However, you may claim female allowences then the

Head of Household, Generally, you may claim head of nousehood fling status on your tax return 70th of you are unmarried and pay more than 50th of the costs of heaping up a home to yourself and your dependent(s) or other qualifying andividuals.

Monwage Income. If you have a large amount of norwage income, such as interest or dividends, w nonwage income, such as interest of dividends, you should consider making estimated tax Pllyments using Form 1040-ES Chinentse, you may find that you owe additional tax at the and of the year.

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Advance Serned Income Credit. If you are eligible for the credt, you can receive it added to your psycheck throughout the year For details, get Form W-5 from your employer

Check Your Withholding. After your W-4 takes effect, you can use that, \$18, is My Withholding Correct for 19927, to see New the dollar amount you are having withheld compares to your estimated total annual Sax. Cell 1-800-829-3678 to order the publication. Check your local telephone directory for the IRS assistance , umber if you need further help.

### Personal Allowances Worksheet

For 1992, the value of your personal exemption(s) is reduced if your income is over \$105,250 (\$157,900 if married fling jointly, \$131,550 if heart of household, or \$78,950 if married filing separately). Get Pub. 919 for details.

se dues not work, or  is (or the total of both) are \$1,000 or less are merried and have either a working spouse or eld).  Comyou will claim on your tax return.  Conditions under "Hoad of Household," above).  Enesse for which you plan to claim a credit.  If the number of examptions you claim on your return.  G.  Come and want to reduce your withholding, see the Deduced your combined earnings from all jobs exceed \$29,000 in page 2 if you want to avoid having too little tax withhele and enter the number from line G on line 5 of Form W-4 be  C seep the top portion for your records.  Illowance Certificate  CMB No. 1545  Cition Act Notice, see reverse.  2. Your social security in  2. Your social security in  Comes of the total position of the combined earnings from all pobs.	O OR if
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	43
	1, 17 ata ata
C Single Married Married but withhold at higher Sin	
4 If your last name differs from that on your social security ca	rð.
check here and call 1-800-772-1213 for more information	<b>▶</b> []
the following conditions for exemption hield because I had NO tax habitity. AND secause I expect to have NO tax habitity. AND another person carnot claim me se a dependent.	
	] No
of stile and on	from the Worksheets on back if they apply) 5

9 Employer's name and address (Employer: Complete 9 and 11 only if sending to the IRS) 10 Office code | 11 Employer identification number

Carl No. 102200

(optional)

### Problem A5

Form W-4

Department of the Treasury Internal Revenue Service

Purpose. Complete form W-4 so that you employer can withhold the correct amount of Federal vicome tex from your pey

Examplian From Wilshelding, Read Inc 7 of the certificate below to 900 if you can claim exempt status. If exempt, complete line 7; but do not complete line 9 and 6. No Federal income tax will be withheld him your pay Your exemption is good to withheld hum your pay. Your exemption is good for one year only it express Fobrustry 15, 1963.

Saals instructions. Enginyees who are not example should complete the Personal Allowances. Worksheet are provided on page 2 to employees to adjust they withholding allow since besid on serviced deductions. adjust names to income, or two-earner/hero-sob squalizing Complete all worksheets that apply to your squalion. The worksheets will help you rigure

the number of withholding allowances you are extend to clean. However, you may cleam fewer allowances than this.

Head of Heusehold. Generally, you may claim head of household flang status on your tax. Jaum only if you are unmarried and pay more than 50% of the costs of leaging up a home for yourself and your dependential or other qualifying individuals.

Newwage Income. If you have a large amount of nonveige moome, such as interest or dividends. You should corector making estimated tax payments using Form 1000-ES. Otherwise, you may find that you own additional tax at the end of the year.

Two-Kerner/Two-Jebs. If you have a working spouse or more than one job. Igure the total number of allowences you are entitled to claim on all you using worksheets from only one Form

W-4. This total should be divided among as jobs. Your withholding will usually be most occurate when all attoriences are oftensed on the W-4 field for the highest paying job and sero altowances ore claimed for the others.

Advance Sarred Income Credit. If you are electric for the gradit, you can receive it added to your paychack throughout the year For datals, get Form W-5 from your employer

W-5 from year employer
Cheesk Year Withhelding, After your W-4 takes
effect, you can use Pub., 818, is My Withholting
Carrect for 1962? It is see here yes older emount you
are having withhild compares to your estimated
total annual tax. Call 1-800-929-378 to order this
publication. Check your local slegt and electory for
the IMS assestance number if you need further help

Personal	Allowances	Worksheet
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A. Enter +1° for unumed if no one also can claim unu as a denantiant

For 1992, the value of your personal exemption(s) is reduced if your income is over \$105,250 (\$157,900 if marned filing jointly, \$131,550 if head of household, or \$78,950 if married filing separately). Get Pub. 919 for details.

יוניטו ניאשוום ו	reason in the other east cast comit you as a deposite			
[	You are single and have only one job; or		ł	<b>.</b> .
Enter "1" d: {	<ul> <li>You are married, have only one job, and your</li> </ul>		<i>}</i>	6
1	. • Your wages from a second job or your spouse's	wages (or the total of both) are \$1,	000 or less j	
Enter "t" for y	our apouse. But, you may choose to enter -0- if	you are married and have either	a working spi	ouse or
	job (this may help you avoid having too little tax v			C
	of dependents (other than your spouse or yourself			D
	will file as heed of household on your tax return			bove) E
	have at least \$1,500 of child or dependent care			
	on F and enter total here. Nete: This amount may be differe			
ADD WISE A UNIOU	on it you plan to Hemize or claim adjustments	to the same and were to each some	out was blocked	o and the Deductions
For all pracy, do all worksheets	and Adjustments Worksheet on page 2: e. If you are single and have more than one juyou are married and have a working spouse or	ob and your combined earnings r more than one job, and the com	from all jobs o	axceed \$29,000 OR if is from all jobs exceed
that apply.	\$50,000, see the Two-Earner/Two-Job Worksh			
	If neither of the above situations applies, step.	here and enter the number from in	ne Gion Mae 5 d	of Form W-4 below
	Cut here and give the certificate to your emp	loyer. Keep the top portion for yo	our records.	
*** *				1 OMB No 1545-0010
<b>W-4</b>	Employee's Withholding	R VIIOMBUCG COLLING	REG	4000
partition of the Traces	P For Privacy Act and Paperwork	Reduction Act Motics, see revers		1 118/32
ernal Revenuel Sarvice	<del></del>	si name		ocial security number
1 Type or prin	•	milh		-00 UB/1
Horne addre	ss (number and street or rural route)	3 Single Sharried St. Northead		
	state, and ZIP code	4 If your last name differs from		
City Or town.	Selection and air cook	check here and call 1-800-77		
<del></del>	-in-			
	r of allowances you are claiming (from line G above		it they apply)	1
	nount, if any, you want deducted from each paych			announa ma
	ption from withholding and I certify that I meet AL			
	had a right to a refund of ALL Federal income tax			
e This year I	expect a refund of AL! Federal income tax within	eld because I expect to here NO	tex liability; A	NO TO THE REAL PROPERTY.
a This year if	my income exceeds \$600 and includes norwage inc			104ML
If you meet a	of the above conditions, enter the year effective	and "EXEMPT" here	7 10	
Are you a M	l-time student? (Nete: Full-time students are not a	utometically exempt.)		. 8 Yee No
der panalises of pe	pury. I certify that I am artered to the nurritor of celebolding	ellewences claimed on this certificate or	emitted to claim	enempt stake
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Employee's signature >

# BEST COPY AVAILABLE

### Problem B1

	Department of the Treasury—Internal Resenue Service	
1040EZ	Income Tex Return for Single Filers With No Dependents   1991	OMB No 1545-0675
Name &	Use the IRS label (see page 10). If you don't have one, please print	Please print your numbers like this:
addross	Print sour name thest shittel last.	9876543210
	(11) hours 1 12 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Your social security number
	Home address countries and streets. If she have a Pitt best of page 13 c Apr. no.	81 17 4 50
	Please see instructions on the back. Also, see the	
	Form 1940EZ booklet.  Presidential Election Campaign (see page 11) Non-Cambu Took III	
	Do you want \$1 to go to this fund?	· LLi
Report your	4. The liveres releases and tipe 19th a should be shown in	
Income	Total wages, salaries, and tips "this should be shown in Box 10 of your W-2 formis) (Attach your W-2 form(s))	
Attach Copy B of	2 Taxable interest income of \$400 or less if the total is more	[ T ] [ T ]
Form(4) W-X here.	that: \$400, you cannot use Form 1040EZ.	ا لبلنا البلنا ا
Atlach the gayment on top of		
Forms W 2	3 Ad J line 1 and line 2 This is your adjusted gross income. 3 4 Can your porents for someone else) claim you on their return?	
Note: You must check	Yes worksheet on back, enter amount from line E here	
Yes or No	No. Enter 5,536 00 This is the total of your standard defuction and tersonal exemption 4	إ الماساء الطناجار النا
	S. Subtract line , from line 3. If line 4 is larger than line 3,	
	enter 0. This is your taxable income. 5	إ المناء الملماء الملما
Figure your	8 Enter your Federal income tax withheld from Box 9 of	
tax	your W-2 form(s) 6	
	7 Tax. Use the amount on line 5 to find your cax in the tax table on pages 16-18 of the booklet. Enter the tax from the	
	table on this line 7	<u>                                     </u>
Refund or	8 If line 6 is larger than line 7, subtract line 7 from line 6	
amount you	This is your refund.	الملمة الملتكارات
owe	9 If line 7 is larger than line 5, subtract line 6 from line 7. This is the amount jew swe. Attach your payment for full amount pevable to the linternal Resenue Service. Weste your name, address, social security.	
Sign	number dayline phone number, and 1991 form 1040EZ on it 9  I have read this return. Under ponalties of gerjuny, I declare	
your return	that to the best of my knowledge and belief, the return is true, correct, and complete.	
Keep a oppy of this form	Your signature Dere .	
for vour records	Your occupation	had had had
For Privacy	act and Paperwork Reduction Act Notice, see page 4 in the booklet.	Cat No 11329W Form WHOEZ (1991)
	• • • • • • • • • • • • • • • • • • • •	
	41	



#### **Problem B2**

' 1040EZ	Department of the Treature — Internal Revenue Service Income Tax Return for Single Filers With No Dependents    199	91 OMB No. 1545 0075
Name & address	Use the IRS label (see page 10) If you don't have one, please  Prior your name direct indest fact.  History address number and street; if you have a PO has see page 11.	Please print your numbers like this:  9876543210  Your societ security number
	Please see instructions on the back. Also, see the Form 1940EZ booklet.	****
	Presidential Election Campaign (see page 11) Note: Christian Do you want \$1 to go to this fund?	
Report your income	Total wages, salaries, and tips. This should be shown Box 10 of your W-2 form(s). (Attach your W-2 form(s).)	<u>,                                    </u>
Attach Copy II of Formia) W-3 here. Attach tax	2 Taxable interest income of \$400 or less. If the total is than \$400, you cannot use Form 1040EZ.	more 2
payment on top of Form(s) W-2	3 Add line 1 and line 2 This is your adjusted gross in	come. 3
Note: You must check Yes or No.	Cen your parents for someone else) claim you on their Yes. Do worksheet on back, enter amount from line No. Enter 5,550 00. This is the total of your standard deduction and personal exemption	e E here
	5 Subtract line 4 from line 3 If line 4 a larger than line enter 0. This is your taxable income.	·3
Figure your tex	6 Enter your Federal income tax withheld from Box 9 c your W-2 form(s)	
	7 Tax, Use the amount on line 5 to find your tax in the table on pages 16-18 of the booklet. Enter the Lax fro table on this line.	e tax m the 7
Refund or amount	If line 6 is larger than line 7, subtract line 7 from line This is your refund.	
owe you	9 If line 7 is larger than line 6, subtract line 6 from line 7. This is amount you wee. Attach your payment for full amount Payah "Internal Revenue Service." Write your name, address, social enumber, daytime phone number, and "1991 Form 1040EZ" on it	le to the curily
Sign your return	I have read this return. Under penalties of perjury, that to the best of my knowledge and belief, the true, correct, and complete.	1 declare
Keep a copy of this form for your records	Your signature  Your occupa	
	7	

#### Problem B2

991	Instructions for Form 1040EZ				
Jse this orm if	<ul> <li>Your filing status is single.</li> <li>You do not claim any dependents.</li> <li>You had only wages, salaries, tips, and taxable scholarship or fellowship grants, and your taxable interest income was \$400 or less. Caution: If you earned tips (including allocated tips) that are not included in Box 13 and Box 14 of your W-2, you may not be able to use Form 1040EZ. See page 12 in the booklet.</li> <li>You did not receive any advance earned income credit payments.</li> <li>If you are not sure about your filing status, see page 6 in the booklet. If you have questions</li> </ul>				
	about dependents, see Tele-Tax (topic no. 155) on page 25 in the booklet If you can't use this form, see Tele-Tax (topic no. 152) on page 25 in the				
Completing your return	Please print your numbers inside the boxes. Do not type your numbers. Do not type your numbers. Do not type your numbers. Do not type your numbers to make the form by following the instructions on the front. But booklet if you received a scholarship or fellowship grant or tax-exempt interes municipal bonds. Also use the booklet if you received a 1099-INT showing interest withholding) or if you had two or more employers and your total wages were to the property of the proper	at you will have to use the t income isuch as on come tax withheld (backup nore than \$53,400			
	Remember, you must report your wages, salaries, and tips even if you don'your employer. You must also report all your taxable interest income, includ accounts at banks, savings and loans, credit unions, etc., even if you don't go	ling interest from savings et a Form 1099-INT.			
	If you paid someone to prepare your return, that person must also sign it ar information. See page 15 in the booklet	nd show other			
Standard deduction	Pill in this worksheet to figure the amount to enter on line 4 if someone dependent (even if that person chooses not to claim you)	can claim you as a			
worksheet	A. Enter the amount from line 1 on front	<b>A.</b>			
ior Jependents who checked	B. Minimum amount	B. 550 00			
	C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.	С,			
"Yes" on	D. Maximum amount	<b>D.</b> 3,400 00			
line 4	E. Compare the amounts on lines C and D above Enter the SMALLER of the two amounts here and on line 4 on front.	<b>E.</b>			
	If you checked "No" because no one can claim you as a dependent, en This is the total of your standard deduction (3,400 00) and personal exe	ter 5,550 00 on line 4 mption (2,150 00).			
Avold common	Are your name, address, and social security number on the label correct the label?				
mistakes	<ol> <li>If you clidn't get n label, did you enter your name, address uncluding security number in the spaces provided on page 1 of Form 1040EZ?</li> </ol>				
This checklist is to help you	3. Did you check the "Yes" box on line 4 if your parents (or someone elegependent on their 1991 return (even if they choose not to claim you you as a dependent, did you check the "No" box?	i? If no one can claim			
make sure that your form is filled	4. Did you enter an amount on line 4? If you checked the "Yes" box on the worksheet above to figure the amount to enter? If you checked the enter 5.550 00?	ne "No" box, did you			
ont correctly	5. Did you check your computations (additions, auttractions, etc.) especially when figuring your taxable income, Federal income tax withheld, and your refund or amount you owe?				
	6. Did you use the amount from line 5 to find your tax in the tax table correct tax on line 7?				
	7. Did you attach your W-2 form(a) to the left margin of your return? A date Form 1040EZ and enter your occupation?	and, did you sign and			
Malling your return	Mail your return by April 15, 1992. Use the envelope that came with y have that envelope, see page 19 in the booklet for the address to use.	our booklet. If you don't			

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#### Problem B3

7 1040EZ	Department of the Treasury—Internal Revenue Service Income Tax Return for Single Filers With No Departments	m <b>1991</b>	ONE No. 1848-087
Name & address	Use the IRS label (see page 10). If you don't he  \[ \begin{array}{cccccccccccccccccccccccccccccccccccc	ne pager li i Apri ma	Please print your numbers like this:  9876543210  Your social security number  [12] [1] [1] [1] [2]
	Please see instructions on the back. Ale Form 1040EZ booklet.  Presidential Election Campaign (see page Do you want \$1 to go to this fund?		Yes No Dollars Cents
Report your Income	Total wages, salaries, and tips. This show Box 10 of your W-2 formits). (Attach your W-2 formits).	ald be shown in	1 2,600 4.
Attach Copy B of Form(a) W-2 hero. Attach tax payment on	2 Taxable interest income of \$400 or less than \$400, you cannot use Form 1040EZ	If the total is more	·
top of Formias W-2 Note: You must check Yes or No.	3 Add line 1 and line 2. This is your adjust 4 Can your parents (or someone slae) claim Yes. Do worksheet on back; enter am No. Enter 5,550.00. This is the tota standard deduction and person	you on their return? ount from line E here. Il of your	. Z,600 De
<del>,</del>	5 Subtra t line 4 from line 3. If line 4 is le enter 0. This is your taxable income.	orger than line 3,	<u> </u>
Figure your tax	Enter your Federal income tax withheld your W-2 form(s).	from Box 9 of	<u>, 105 m</u>
	7 Tax. Use the smount on line 5 to find y table on pages 16-18 of the booklet. Ente table on this line.	r the tag from the	<u>,                                    </u>
Refund or amount	If line 6 is larger to an line 7, subtract is This is your refund.		<u>a</u> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
owe owe	9 If line ? is larger than line 6, subtract line 6 from amount you own. Attach your payment for full "Internal Revenue Service." Write your name. acumber, daytime phone number, and "1991 Form.	m line 7. This is the amount payable to the lifess, social security in 1040EZ" on it	. <b>.</b>
Sign your return	I have reed this return. Under penalties that to the best of my knowledge and true, correct, and complete.	of perjury, I declar	For IRS Use OnlyPlease do not write in boxes below
Keep a copy of this form for your	Your signature	Date ( () 1	
records	x Me Aberell	Your occupation	
	45		Cat Na 11299W Form 3090EZ (3993

### **Problem B3**

Use this	Your filing status is single.	a You were under 65 and not	blind at the end of 1991.			
form If	a You do not claim any dependent					
	<ul> <li>You had only wages, salaries, tips, and taxable scholarship or fellowship grants. and your taxable interest income was \$400 or less. Coution: If you earned tips (including allocated tips) that are not included in Box 13 and Box 14 of your W-2, you may not be able to use Form 1040EZ. See page 12 in the booklet.</li> </ul>					
	You did not receive any advance earned income credit payments.  If you are not sure about your filing status, see page 6 in the booklet. If you have questions					
	about dependents, see Tele-Tax (to	ng status, see page 6 in the booklet. If spic no. 155) on page 25 in the booklet. Tax (topic no. 152) on page 25 in the	•			
Completing	Please print your numbers inside th	e boxes. Do not type your numbers. Do r	not use dollar signs.			
your return	Most people can fill out the form by booklet if you received a scholarship municipal bonds). Also use the bookle	following the instructions on the front. Bu or fellowship grant or tax-exempt interes et if you received a 1099-INT showing ind re employers and your total wages were r	ut you will have to use the it income (such as on come tax withheld (backup			
	your amployer. You must also report	vages, salaries. and tipa even if you don' t all your taxable interest income, includ is, credit unions, etc., even if you don't gr	ling interest from savings			
	If you paid someone to prepare your information. See page 15 in the book	return, that person must also sign it an klet.	nd show other			
Standard Seduction	Fill in this worksheet to figure the dependent (even if that person cho	e amount to enter on line 4 if someone poses not to claim you).				
worksheet	A. Enter the	amount from line 1 on front.	A _ 2.600.00			
for dependents	B. Minimum	amount.	B550.00			
who checked		e the amounts on lines A and B above. LARGER of the two amounts here.	c			
"Yes" on line 4	D. Maximun	n amount.	D3,400.00			
	Enter the	e the amounts on lines C and D above. SMALLER of the two amounts here ne 4 on front.	e. <u>2.600.0</u> 0			
	If you checked "No" because nn This is the total of your standard	one can claim you as a dependent, end deduction (3,400.00) and personal exer	ter 5.550.00 on line 4. mption (2,150.00).			
Avoid	1. Are your name, address, and a	ocial security number on the label corr	rect? If not, did you			
common mistakes	2. If you didn't get a label, did yo	u enter your name, address (including provided on page 1 of Form 1940EZ?	ZIP code), and social			
This checklist is to help you	3. Did you check the "Yes" box on dependent on their 1991 return you as a dependent, did you ch	i line 4 if your parents for someone els n (even il they choose not to claim you leck the "No" box?	e) can claim you as a )? If no one can claim			
make sure that your form is filled	4. Did you enter an amount on line 4? If you checked the "Yes" box on line 4, did you fill out the worksheet above to figure the amount to enter? If you checked the "No" box, did you enter 5.550.00?					
out correctly.		ons (additions, subtractions, etc.) espec e tax withheld, and your refund or am				
	<ol> <li>Did you use the amount from 1 correct tax on line ??</li> </ol>	line 5 to find your tax in the tax table	? Did you enter the			
	7. Did you attach your W-2 form( date Form 1040E% and enter y	a) to the left margin of your return? A rour occupation?	nd, did you sign and			
Mailing your return	Mail your return by April 15, 191 have that envelope, see page 19 in	13. Use the envelope that came with you the booklet for the address to use.	our booklet. If you don't			

#### **Problem B4**

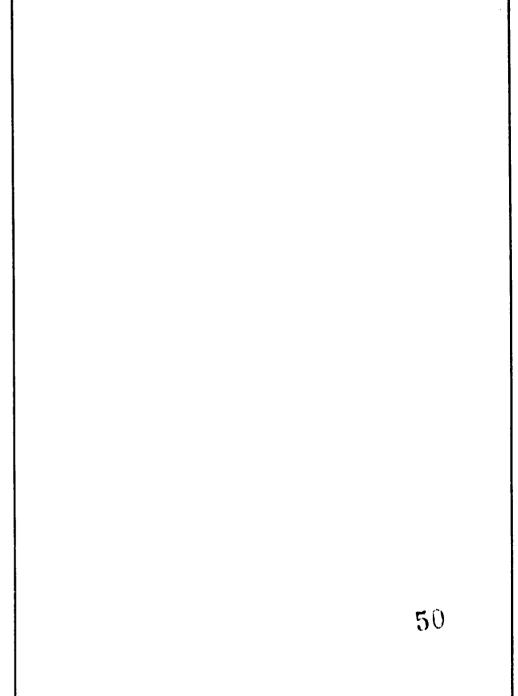
7-m 1040EZ	Department of the Treasury—Internal Revenue Service Income Tax Return for Single Filers With No Dependents (1) 1991	OMB No 1645-0675
Name & address	Use the IRS label (see page 10). If you don't have one, please print.  Prent your name thest initial last:	Please print your numbers like this: 9876543210  Your social security number
	Presidential Election Campaign (see page 11) Hoter Chrising Yes will not charge your than or change your than or reduce your rate of P	Yes No Dollars Cents
Report your income	1 Total wages, salaries, and tips. This should be shown in Box 10 of your W-2 form(s). (Attach your W-2 form(s).) 1	1, 310 00
Attach Copy B of Form(s) W-8 hero. Attach tas	2 Taxable interest income of \$400 or less. If the total is more than \$400, you cannot use Form 1040EZ. 2	
payment on top of Formin) W-2.	3 Add line 1 and line 2. This is your adjusted grees income. 3 4 Can your parents (or someone else) claim you on their return?	406 00
Note: You must check Yes or No.	Yos. Do workshoot on back; enter amount from line E here.  No. Enter 5,580,00. This is the total of your standard doduction and personal exemption.  4	5,900.00
	8 Subtreet line 4 from line 3. If line 4 is larger than line 3, enter 0. This is your taxable income. 5	11,009,00
Figure your tax	6 Enter your Federal income tax withheld from Box 9 of your W-2 form(a).	992.66
	7 Tax. Use the amount on line 8 to find your tax in the tax table on pages 16-18 of the booklet. Enter the tax from the table on this line.	TER QU
Refund or amount	6 If line 6 is larger than line 7, aubtract line 7 from line 6. This is your redund.	784 44
owe owe	9 If him 7 is larger than line 6, subtract him 6 from him 7. This is the assessed you was. Attach your payment for full assessed yearpable to the "Internal Revenue Service" Write your name, address, social security number, dryting phone number, and "1991 Form 1040EE" on it.  9	
Sign your return	I have read this return. Under penalties of perjury, I declare that to the best of my knewledge and belief, the return is true, correct, and complete.	For IRS Use Only—Please do not write in bones below.
Keep a copy of this form for your records.	Your signature  Date 5 /2  Your scrupotion	
	47	
ERIC	let and Puperwork Medicalien Act Notice, see page 4 in the backlet.	Cal. No. 13280W Form 3040EZ (34735)

### Problem B4

1991	Instructions for Form 1040EZ				
Use this	Your filing status is single.	• You were under 65 and not bi			
form If	You do not claim any dependents.     Your taxable income (line 5) is less than \$50,000.      You had only wages, salaries, tipe, and taxable scholarship or fellowship grants, and your				
	8 You had only wages, salaries, tips, ar taxable interest income was \$400 or k that are not included in Box 13 and B 1040EZ. See page 12 in the booklet.	es. Caution: If you corned tips (if	icluding allocated (194)		
	• You did not receive any advance earns				
	If you are not sure about your filing star about dependents, see Tele-Tax (topic no	o, 155) on page 25 in the booklet.			
	If you can't use this form, see Tele-Tax	topic no. 152) on page 25 in the bo	DOKIEL.		
Completing your return	Most people can fill out the form by follow beoklet if you received a scholarship or fell- municipal bonds). Also use the booklet if yo withholding) or if you had two or more emp	ng the instructions on the front. But ewship grant or tax-exempt interest i ou received a 1009-INT showing inco- ployers and your total wages were mo	you will have to use the noome (such as on me tax witnheld (backup re than \$63,400.		
	Remember, you must renert your wages, selaries, and tips even if you don't get a W-2 form from your employer. You must also report all your taxable interest income, including interest from savings accounts at banks, savings and loans, credit unions, etc., even if you don't get a Form 1989-INT.  If you paid someone to prepare your return, that person must also sign it and show other				
	information. See page 15 in the booklet.				
Standard doduction	Fill in this worksheet to figure the amore dependent (even if that person chooses in				
workshoot	A. Enter the amou	int from line 1 on front.	<b>▲</b> <u>47.350.0</u>		
for denominants	B. Minimum amou	int.	B. 550.00		
lopendents vho :hocked		amounts on lines A and B above. GER of the two amounts here.	c. 4.350 %		
"Yee" on	D. Maximum amo	unt.	D. 3,400.00		
line 4	E. Compare the c Enter the SMA and so line 4 s	amounts on lines C and D above. LLER of the two amounts here	• 3 5 c 6 7 7		
	If you checked "No" because no one or This is the total of your standard deduc	on claim you as a dependent, enter	r 5,550.00 on line 4. ption (2,150.00).		
Avoid common	Are your name, address, and social a correct the label?				
mistakes	2. If you didn't get a label, did you ento security number in the spaces provide	led on page 1 of Form 1040EZ?			
This checklist is to help you	<ol> <li>Did you check the "Yes" bes en line- dependent on their 1991 return (ever you as a dependent, did you check th</li> </ol>	n if they choose not to claim you? ne "No" box?	If no one can claim		
make sure that your form is filled	<ol> <li>Did you enter an amount on line 4? the worksheet above to figure the an enter 5,550.00?</li> </ol>	If you checked the "Yes" box on lin	e 4, did you fili out "No" box, did you		
out correctly.	<ol> <li>Did you check your computations (act taxable income, Federal income tax</li> </ol>	withheld, and your refund or amou	int you owe?		
	<ol><li>Did you use the amount from line 5 correct tax on line 7?</li></ol>				
	<ol> <li>Did you attach your W-2 form(s) to t date Form 1040EZ and enter your or</li> </ol>	he left mergin of your return? And ecupation?	l, did you sign and		
Mailing your return	Mail your return by April 16, 1802. Us have that envelope, see page 19 in the l	e the envelope that came with you poolulet for the address to use.	r booklet. If you don't		
			A Q		

### Problem 95

7-rm 1040EZ	Department of the Treasury—Internal Revenue Service Income Tax Return for Single Filers With No Departments (f)	1991	OMB No. 1545-0676
Name & address	Use the IRS label (see page 10). If you don't have on Bligh M. Jones Print your never iffert install least 6203 Churchill Stree Hance address incumber and iterative you have a PO has not page (UPSTY) 1211, OH 115/20/2 Cut term or past offers state and 20 rock of free here a foreign of	e1 111 AAL M	Please print your numbers like this: 9876543210  Your social security number 000000000000000000000000000000000000
	Please see instructions on the back. Also, se Form 1040EZ booklet. Presidential Election Campaign (see page 11) Do you want \$1 to go to this fund?		Yee No Dollars Cents
Report your ncome	1 Total wages, salaries, and tips. This should b Box 10 of your W-2 form(s). (Attach your W-2	e shown in	2,400,40
Attack Copy B of Form(s) W-3 hero, Attach tax	2 Taxable interest income of \$400 or less. If the than \$400, you cannot use Form 1040EZ.	e total is more	
payment on top of Formis: W-2 Note: You must check Yes or No	Add line i Can your to for someone else) claim you to take on back; enter amount to 5.550.00. This is the total of saturard deduction and personal ex	on their return? from line E here your	Z,100.00 b,-10.
	Subtract line 4 from line 3. If line 4 is larger enter 0. This is your taxable income.	than line 3,	
Figure your tax	Enter your Federal income tax withheld from your W-2 form(s)	Box 9 cf 6	$\square$ , $\square$
	7 Tax. Use the amount on line 6 to find your table on pages 16-18 of the booklet. Enter the table on this line.	ax in the tax tax from the	$\Box$ , $\Box$
Refund of amount	8 If line 6 is larger than line 7, subtract line 7 This is your refund.	from line 6	<u> </u>
owe	9 If line 7 is larger than line 6, subtract line 6 from line amount you aws. Attach your payment for full amou "Internal Revenue Service" "Unite your name, address number, daytime phone number, and "1991 Form 104.	int payable to the	
Sign your return	I have read this return. Under penaltice of p that to the best of my knowledge and beli- true, correct, and complete.	erjury, i deciare	For IRS Use Only — Please do net write in boxes below.
Keep a copy of this form	Your signature Dat		
for your records	49 You	r occupation	
	A CY		1 11 11 1





### Problem C1

.040A	U.S. Individual Income Tax Return <sup>(1)</sup>		1991	_		OMB Na 1545-00
itop 1	Your first same and social		Last name		Your	scial assurity ma.
abol	Eric II		151 1 - 1 - 1 -			13212
les page (8 ) A S S	If a junt return, agreen's first name and install		Lest avere		Spense	's social security se.
boi thorwsee, eean print E	Home address (number and street) off you have			Apt no	For	Privacy Act
Lype. E	City, town or past affice, state, and ZIP sade 19	1 2 2				Paperwork
Į.	Revan Ki	461	)			r ction Act ico, see page 3.
_	Presidential Election Camps		d (see page 17)		_	o: Checking "Yes"
	Do you want \$1 to go to this if joint return, does your spous	fund? .		d? Yes O	No will	not change your t duce your refund.
itep 2	1 Single	<u> </u>				
Hock your	2 Married filing joint re					
ling status	3   Married filing separa			social security	number	
Thock only one.1	above and apouse's fu 4  Head of household (w			ee name 18 ) If	the qualif	ing person is a
	child but not your de					
	S Qualifying widow(er)					). (See page 19.
	<b>20</b> [7] Married Married Annual Annua		4		- h t 1	No. of byens
top 3	Sa Ye urself. If your parent (e	r someons s ock box Sa.	(196) can claim you as i But be oure to chock i	a copondent on 110 c the bes on line 186	4 2.	Shahed on
ighre your xemptions	b 🛄 Byouse					
let page 20.1	G Depondents:	(8) Check if under	(3) if ago 1 or older, dependent's contai	(4) Dependent's C relationahip to	li No of months bred to your bean a 1801	No. of your children on dr what
	(8) Hanne (first, sected, and last name)	Age 1	security number	700	hom a 1991	* Hved
more than		+	<del>-                                    </del>	<del>                                     </del>		with you
rren opendosts, M page 23.		İ 🗆				e didn'i live with you doe to diverse or
-,			- 1			
			<del></del>	ļ <del> </del>		(sée page 10)
		+	<del></del>	<del>├───</del>		No. of other
	If your child didn't live	with v	ou but is claim	ed as your		Maried on the
	dependent under a pre-1	985 agri	ement, check he	re ▶ [	]	Add sumbers
	Total number of exempt					Mass shore L.
itop 4	7 Wages, salaries, tipe, etc W-2 form(s). (Attach For			n Box 10 of you	* 7	
ighro your	Sa Taxable interest income			100, also compl		
etal Incerse	and attach Schedule 1, I	Part I.)			84	
	b Tax-exempt interest. (DO )				<del>                                     </del>	
Stack Copy &	5 Dividends. (If over \$400, )	Preo com		Taxable amou		<del></del>
f your Farms f-8 mad 1866-R	distributions. 10a			(see page 27).	10b	1
	11a Total pensions		110	Texable amou		
stack check or	and annuities. 11a			(see page 27).	<u>11b</u>	
sensy order on up of say Portus V-2 or 1000-SL	12 Unemployment compens	ation (in		Taxable amou	12	<del></del> +
V-2 or 1000-IL	13a Social security benefits. 13a		1.00	(see page 31).	nt 13b	
	Deliettie. 194			(000 )	144	
	5.4 Add lines 7 through 13b (fa			total laceme.	▶ 14	4 1000
Itee 6	18a Your IRA deduction from			<u> </u>	<del>                                     </del>	•
Name your	b Spense's IRA deduction ( sheet. Notes Rules for IRA	rem appi	icable work- page 33. 15	ih.	1	
Motord	e Add lines 15e and 15b.				15	0.1

### Problem C1

1991	Form 1040A
Step 6	17 Enter the amount from line 16.
·	18a Check
	1040 and itemizes deductions, see page 37 and check here 18c
Figure your standard deduction,	29 Enter the standard deduction shown below for your filing status.  But if you checked any box on line 18a or h, go to page 37 to find your standard deduction. If you checked box 18c, enter -0
	Single—\$3,400
	Married filing separately—\$2,850  19
	20 Subtract line 19 from line 17. (If line 19 is more than line 17, enter -0.) 20 90.
axemption	
emount, and	21 Multiply \$2,150 by the total number of exemptions claimed on line 6s. 21 22 Subtract line 21 from line 20. (If line 21 is more than line 30, enter -0)
Income	This is your taxable income.
Step 7	23 Find the tax on the amount on line 22. Check if from:  Tax Table (pages 44-49) or Form 8615 (see page 39)  23
Figure your	24a Credit for child and dependent care expenses.
tax, oredits,	Complete and attach Schedule 2. 24a
payments	b Credit for the elderly or the disabled. Complete and attach Schedule 3. 24b
If you want the	c Add lines 24a and 24b These are your total credits. 24c
IRS to figure your tax, see	26 Subtract line 24c from line 23. (If line 24c is more than line 23, enter -0) 25
the instructions	26 Advance earned income credit payments from Form W-2. 26
for line 22 on page 38.	27 Add lines 25 and 26. This is your total tax.
,	28e Total Federal income tax withheld. (If any tax is from Form(s) 1099, check here ▶ □ .) 28e 145
	b 1991 estimated tax payments and amount
	applied from 1990 return. 28b
	attach Schedule EIC. 28c
	4 Add lines 28a, 28b, and 28c. These are your total payments.
Step 8	29 If line 28d is more than line 27, subtract line 27 from line 28d.
Figure your	This is the amount you overpaid.
refund or	30 Amount of line 29 you want refunded to you.
amount you	31. Amount of line 29 you want applied to your
	1909 cotimated tax. 31
Attach check or money order on	32 If line 27 is more than line 28d, subtract line 28d from line 27. This is the amount year own. Attach check or money order for fall amount payable to
top of Form(s) W-2, etc., on	the "Internal Revenue Service." Write your name, address, social security
page 1.	number, daytime phone number, and "1991 Form 1040A" on it. 32
	33 Estimated tax penalty (see page 43).  15 In the part of the par
Step 9	Under pupilies of perjusy, I destore that I have magnized this retors and accompanying schedules and extensions, and to the hest of my knowledge and build, they are true, correct, and complain. Destaration of property (other than the tempoper) is based on all information of which the preparer has one hardwidth.
Sign your	Your algorithm Date Your compation
roturn Koop & sopy of	Enc 4 Richards 4/15/92 Student/Clerk
this return for your reserds.	Spenn's agranture (if joint return, ROTM must sign) Date Spenn's annupation
Pold	Propose's Charle of Charle
brobases, e	<del></del>
use only	Fresh access for young if all Ha. :

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#### **Problem C1**

Schedule 1 Form 1040A)	Interest and Dividend Income for Form 1040A Filem (n) 1991		OMB No. 1844	
locate shows on Fe	rm 1040A		:00:321	
<u> </u>	H. Richards	051	100,021	
art i	Complete this part and attach Schedule 1 to Form 1040A if:  e You have over \$400 in taxable interest, or			
nterest ncome	<ul> <li>You are claiming the exclusion of interest from series EE U.S. saving         If you are claiming the exclusion or you received, as a nominee, in</li> </ul>	iga bonds is terest that	sued after 1 sctusily	1989.
See pages 26 and 50.)	belongs to another person, see page 50.  Note: If you received a Form 1099-INT, Form 1099-OID, or substitution brokerage firm, enter the firm's name and the total interest a	itute statem hown on th	ient, from a at form.	ı
	1 List name of payer		Amount	r
	Bryan National Bank	1	900	OC
	2 Add the amounts on line 1. 3 Enter the excludable savings bond interest, if any, from Form 8815, line 14. Attach Form 8815 to Form 1040A.	3	900	20
	Subtract line 3 from line 2. Enter the result here and on Form 1040A, line 8s.	4	41.	
Part II Dividend ncome	Complete this part and attach Schedule 1 to Form 1040A if you received. If you received, as a nominee, dividends that actually belong to at Note: If you received a Form 1099-DIV, or substitute statement, from the firm's name and the total dividends shown on that form.	other pere	on, see page	e 51
Sr v pages 26 and 61.)	5 List name of payer		Amount	
ing 61.7		6		
				1
				1
				┼
				ļ
		<del></del>		
				1
		-+		+-
				1
	<ul> <li>Add the amounts on line 5. Enter the total here and on Form 1040A, line 9.</li> </ul>	6		

tenderd Jeduction	Standard Deducti If someone can claim yo	on Chart for Peop u as a dependent,	ple Age 65 or Older use the worksheet	or Brind below, instead.
Chart for Feople Ago 16 or Older	Enter the number from the on line 18a of Form 1040A		Caution: Do n	ot use the numbe rom line 6e.
or Brind	If your filing statue is:	and the num the box abov	ber in	enter on Form 1040A, line 18:
	Single	1 2		\$4 250 \$5.100
	Married filing a joint return	<del>- 1</del>		\$6.:150
	Qualifying widow(ar) with dependent child	2 3 4		\$7,000 \$7,650 \$8,300
	Married filing a separata return	1 2 3		\$3,500 \$4,150 \$4,600 \$5,450
	Head of household	1 2	<u> </u>	\$5,850 \$6,700
Standard Deduction Worksheet for Dependents	Standard Deduction Use this worksheet	Worksheet for De		
	1. Enter the amount from Form	1040A, line 7. If non	e, enter -0 1.	3,200.00
	6 Allularum ansurat		2.	550.00
	Minimum amount.     Compare the amounts on lin two amounts here.	es 1 and 2. Enter the		3,200.00
	4. Enter on Sine 4 the amount s  Single, enter \$3,400  Married Sling a separate  Married filing a joint reture to this separate with dependent child, et separate to the separate sepa	nsturn, enter \$2,850 im, or qualifying wido nter \$5,700		3,400.00
	Standard deduction     Compare the amounts of     the two amounts here. It     and enter this amount o     to line 8b.	on lines 3 and 4. Ente funder 65 and not b	lind, stop here	3,200.00
	<ul> <li>b. If 65 or older or blind, in joint or separate return, dependent child) by the Enter the result.</li> </ul>	or qualifying widow(	pr) with	
	c. Add lines 5s and 5b. En 1040A, line 19.	nter the total here and	on Form 5c	
Line 22	Subtract line 21 from line	20. Your tax is fi	igured on this amou	nt.
	Tax figured by the IRS, have paid too much, we wend you a bill. We won't pay within 30 days of the whichever is later.	ill send you a refi charge you intere	und. If you did not paymen	pay enough, we'll t penalty if you
	Note: If you are required thave Investment Income of applied to your 1992 estimates.	of More Than \$1,1	00, or if you want a	ny of your refund
				54



#### Problem C2

1040A	U	partment of the Treasury - Inter .S. Individual income EX Return (1)		1991			OMB No.	1546 0000
Stop 1 Label (See page (6) Use the (85	l į L	our first name and initial  L	d sensel	Led name			OMB No	<del>।</del> डेन्
le hal Otherwise, please print or type.	I O	613 Koger.  Curden Towns and second 1889  Curden or past office, piete, and 219  Curden of The Curde	<u> </u>	Through address, you page 1	Apt 1		or Privacy Ac nd Peperweri eduction Act otice, see pag	4
Stop 2 Check your filing status (Check only one.)	100	☐ Married filing join ☐ Married filing seg above and apouse ☐ Head of hruseholt child but not your	his fund? pouse want i  nt reture (a perate retur 's full name d (with qual r dependent	ven if only one h  n. Enter spune's here b anter this child	ad income) social securit	No will No or y number	otes Checking ill not change y reduce your re fying person	Yes' our tas fund.
Stop 3 Figure your anomptions (for page 16.)	1	Yourself, if your name	(er) with de nt (or neasonne et chuck hos fin	pendent child (ye else) can claim you as But be sure to check	ear spouse died a dependent en his the bes on line 186	d ▶ 19	No. of bosos should so do and to	()
If more than		(8) Home (first, statual, and last as	ame) If under	(8) If ago 1 or older, dependent a recial security number	(4) Dependent's relectionship to you	breed to pour brees to 1001	obliderin on the when the lived with you	
depondents, see page 23				<del></del>			o dida'i livo with you due to diverce or	
		If your child didn't	live with y	rou but is claim	and an enue		(see page 36) No. of other	
Stop 4		If your child didn't dependent under a pr Total number of exem Wages, salaries, tips,	ptions clain etc. This sh	ement, check her ned. ould be shown in	Mana . ▶ (		(ree page \$6)  No. of other departments littled as littled as a decreased as littles above	
Pigure your total income	7	Total number of exem Wages, salaries, tips, W-2 form(s). (Attach I Taxable interest inco and attach Schedule 1 Tax-exempt interest. (Di	etc. This sh form(s) W-2 me (see pag , Part I.)	ement, check her ned. ould be shown in i.) pe 26). (If over \$4	Box 10 of you	r 7	No. of other departments littled on the Add numbers	
Figure your	7 8a b 10a	Total number of exem Wages, salaries, tips, W-2 form(s). (Attach F Taxable interest inco and attach Schedule 1 Tax-essamt interest. (Di Dividends. (If over \$400 Total IRA distributions. 10s	etc. This sh form(s) W-2 me (see pag , Part I.)	ement, check her need. outd be shown ir .) te 28). (If over \$4 te on line \$e.) 8b lete and attach \$6 100	Box 10 of you  00, also complete the dule 1, Part Taxable amou	7   ete   8a	No. of other factors and market and the Add numbers and the Add nu	
Pigure your total income  Attach Copy & of your Porns V4 and 190-R	7 80 8 100 110	Total number of exem Wages, salaries, tips, W-2 form(s). (Attach F Taxable interest inco and attach Schedule 1 Tax-exempt interest (Di Dividends. (If over \$400 Total IRA distributions. 10s Total pansions and annuities. 11s Unemployment compet Social security	pptions claim ipptions claim etc. This sh Form(s) W.2 me (see pag J. Part I.) D NOT includ D, also comp	ement, check her med. outld be shown ir) to 28). (If over \$4 the on line \$e.) 8b lete and attach \$4 the online \$1.3b the urance) from For 130 the shown in th	Box 10 of you  on, also complete  hedule 1, Part Taxable amou (see page 27). Taxable amou (see page 27). Taxable amou	7 lete 8a ll.) 9 nt 10b nt 12	No. of other factors and market and the Add numbers and the Add nu	
Pigare your total income  Amach Copy & of your Forms  We ned 1999-It been.	7 8a 5 10a 11a 12 12a 14	Total number of exem Wages, salaries, tips, W-2 form(s). (Attach F Taxable interest inco and attach Schedule 1 Tax-essange interest. (Di Dividends. (If over \$400 Total IRA distributions. 10s Total pansions and annuities. 11s Unemployment compet	pptions claim etc. This sh Form(a) W-2 me (see pag 1, Part I.) D NOT includ 0, also comp  nesation (ine	ement, check her med. outld be shown in)  10 26). (If over \$4 to on line \$0.) 6th lets and attach \$2.00 to 11th lets are shown in)  11th lets and attach \$1.00 to one for the shown in)  12th lets and attach \$1.00 to one for	Box 10 of you  too, also complete  thedule 1, Part  Taxable amou (see page 27).  Taxable amou (see page 27).  Taxable amou (see page 31).	7 lete 8a ll.) 9 nt 10b nt 12	No. of other factors and market and the Add numbers and the Add nu	

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	1040	and itemi	es deductio	XXX, see page	37 and check	r pere	· Porm	Ŀ	п		
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44	This is	your tax	trom time :	17. (If line 21 ha.	is more than	a line	20, eater -0				,
23	Find t	he tex o	n the smo	unt on line	22. Check if	f from	1:		22		<del>/                                    </del>
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t	Credit	for the	Identy or	the disabled		444			_		
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27	Vad III	100 25 AF	id 26. Thi	t is your tot	al tax.	OLEN A	V-2.	_		7	<del>,   -</del>
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Find the tax on the amount on line: If Tax Table (pages 44-49) or If Follows and attach Schedule 2.  Credit for child and dependent care extended to the complete and attach Schedule 2.  Credit for the elderly or the disabled Complete and attach Schedule 3.  Add lines 24a and 34b. These are you 28 Subtract line 24c from line 23. (If line 24 Advance earned income credit payments and an applied from 1990 return.  Total Federal income tax withheld. (I is in from Form(s) 1099, check here in 1991 estimated tax payments and an applied from 1990 return.  Rarmed income credit. Complete an attach Schedule BIC.  Add lines 28a, 28b, and 28c. These are 191 line 23d is more than line 27, subtract This is the amount you overpaid.  Amount of line 29 you want refunded a less estimated tax.  If line 27 is more than line 28d, subtract lamenas you over. Attach check or money the Internal Ravenue Service." Write you number, deptime phone sumber, and "199 Settimated tax penalty (see page 43).  For payments of paymy, I declare that located deptiments of payments	28a Check   You were 65 or older   Blind   Bease if   Sequese was 65 or older   Blind   bease if   Sequese was 65 or older   Blind   bease   If you parent (or someone else) can claim you as check here   If you are married flag separately and your spoul 1040 and itemises deductions, see page 37 and check But if you checked any box on line 18a or find your standard deduction. If you checked   But if you checked any box on line 18a or find your standard deduction. If you checked   Single \$3,400   Head of household \$5,	18a Check   You were 65 or older   Blind   Better musif:   Spease was 65 or older   Blind   better she if:   Spease was 65 or older   Blind   better she if:   If you are married filing separately and your spouse file 1040 and itemises deductions, see page 37 and check here   1040 and itemises deductions, see page 37 and check here   1040 and itemises deductions. If you checked how in the page of the page of the page of the page of the page of find your standard deduction. If you checked how in Single—\$3,400   Head of household—\$5,000   Married filing jointly or Qualifying widow(er)—\$5,   Married filing separately—\$2,850    20 Subtract line 19 from line 17. (If line 19 is more than line 22 Multiply \$2,150 by the total number of exemptions claim to your taxable inseems.  22 Find the tax on the amount on line 22. Check if from I have been page at the page of the page 44—49) or   Form 8616 (see page 44—49) or   See page 44—49) or	18e Check   You were 65 or older   Blind   Besse sheeked   16   16   17 your parent (or someone else) can claim you as a dependent, check here   18   18   19 your parent (or someone else) can claim you as a dependent, check here   19   19   19   10   10   10   10   10	18a Check  □ You were 65 or older □ Blind  □ Bease sheeked ▶ 18a □ If your parent (or someone else) can claim you as a dependent, check here □ If you are married % a separately and your spouse files Form 1040 and itemises deductions, see page 37 and check here □ 19c □ If you are married % a separately and your spouse files Form 1040 and itemises deductions, see page 37 and check here □ 19c □ Enter the standard deduction. If you checked here □ 19c □ Bingte + 53, 400 □ Head of household = 85, 900 page 37 to find your standard deduction. If you checked box 18c, enter -0. □ Singte + 53, 400 □ Head of household = 85,000 □ Married filing jointly or Qualifying widow(er) - 45,700 □ Married filing separately - 42,850 □ Multiply \$2,150 by the total number of azemptions claimed on line 6c.  23 Subtract line 19 from line 10. (If line 19 is more than line 17, enter -0. This is your taxable insease.  23 Find the tax on the amount on line 22. Check if from: □ Tax Table (pages 44 -49) or □ Form 8615 (see page 39)  24a Credit for child and dependent care expenses.  25 Complete and attach Schedule 2. 24a □ Credit for child and dependent care expenses.  26 Complete and attach Schedule 3. 24a □ Add lines 24a and 24b. These are your total evedite.  27 Add lines 24a and 24b. These are your total evedite.  28 Subtract line 24c from line 23. (If line 24c is more than line 23, enter -0.)  29 Advence earned income credit payments from Form W-2.  20 Add lines 25a and 26. This is your total examinated tax.  21 If line 23d is more than line 27, subtract line 27 from line 28d.  22 This is the amount you overgald.  23 Add lines 25a and 26. These are your total payments.  24 This is the amount you overgald.  25 Amount of line 29 you want applied to you.  26 Amount of line 29 you want applied to you.  27 Add lines 26a and 26. These are your total payments.  28 If line 27 is more than line 28d, subtract line 28d from line 27. This is the amount you overgald.  29 Amount of line 29 you want applied to your loud payments.  20 Amount of line 29 yo	18a Check   You were 65 or older   Blind   Enter number of if:   Spease was 65 or older   Blind   Sense sheeked > 18a	18a Check

### Problem C2

hedule 1 m 1040A)	Interest and Dividend Income for Form 1040A Filers m 1991	Your prof	OMB No. 1644	
of a law on For		×21	00,17.40	<del></del>
ort I Joreat Jorean	Complete this part and tach Schedule 1 to Form 1040A if:  • You have over \$400 in taxable interest, or  • You are claiming the exclusion of interest from series EE U.S. say  If you are claiming the exclusion or you received, as a nominee,			
e pages 26 d 50.)	belongs to another person, see page 50.  Note: If you received a Form 1086-INT, Form 1089-OID, or sub- brokerage firm, enter the firm's name and the total interest			
	1 List name of payer (3 arder) IV ational Rank.	1	Amount	77
	2 Add the amounts on line 1. 3 Enter the excludable savings bond interest, if any, from Form	2 3	हा?	
	4 Subtract line 3 from line 2. Enter the result here and on Form	4	β÷	],
Part II Dividend Income	1040A, line 38.  Complete this part and attach Schedule 1 to Form 1040A if you received, as a nominee, dividends that actually belong to Note: If you received a Form 1099-DIV, or substitute statementhe firm's name and the total dividends shown on that for	t. from a brol		
(See pages 26	8 List name of payer		Amount	_
and 51.)	a Clat tierne or belon	5		#
				-
				-
				1
				-
			T	
	6 Add the amounts on line 5. Enter the total here and on Form			

inderd duction	If someone can claim y	tion Chart for People Age 65 or (	Older or Blind heet below, instead. Do not use the number			
urt for uple Ago er Older	Enter the number from the on line 18a of Form 1040.	of exempt	ione from line 6e.			
Mind	If your filling etable is:	and the number in the box above is:	1040A, line 19:			
	Single	1 2	\$5,100 \$6,350			
	Married filing a joint return	1 2	\$7,000 \$7,650			
	Qualifying widow(er) with dependent child	3	\$8,300 23,500			
	Married filing a separate return	2 3 4	\$4,150 \$4,800 \$5,450			
	Head of household	1 2	\$5,850 \$6,700			
anderd Deduction orlishest for	Standard Deductio	n Worksheet for Dependents (ke at ONLY if someone can claim yo	ep for your records) u as a dependant.			
orishect for spendents			1,950			
	1. Enter the amount from Fo	em 1040A, line 7. If none, enter -0	550.00			
	2. Minimum emount.		2 000.00			
	3. Compare the amounts on	3. 1,950				
	two amounts here.  4. Enter on line 4 the amount shown below for your filing status.					
	a Single, enter \$3,400  Merried filting a sepa  Merried filting a joint  with dependent chit  Head of household,	rete return, emer \$2,550 return, or qualifying widow(er) d, enter \$5,700	4. 3,400			
	Standard deduction     Compare the amount the two amounts he and enter this amounts in line 5b.	nts on lines 3 and 4. Enter the smaller one, if under 65 and not blind, stop here and on Form 1040A, line 19. Otherwise, (	$_{5a}$ $1,930$			
	b. If 65 or older or blir	nd, multiply \$850 (\$650 if married filling a lurn, or qualifying widow(er) with the number on Form 1040A, line 18s.	56			
	c. Add lines 5a and 5 1040A, line 19.	b. Enter the total here and on Form	5c			
Lin	Tax figured by the l have paid too much, v send you a bill. We w nay within 30 days of	line 20. Your tax is figured on th IRS. If you want, we will figure y we will send you a refund. If you on't charge y interest or a late the notice date or by the due date	our tax for you. If you did not pay enough, we'll navment penalty if you			
	have paid too much, v send you a bill. We w pay within 30 days of whichever is later. Note: If you are requi	ve will send you a refund. If you on't charge you interest or a late 'the notice date or by the due dailined to use Form 8615, Tax for Come of More Than \$1,100, or if you estimated tax, we cannot figure you	payment penalty if you te for filing your return hildren Under Age 14 ' want any of your refu			



#### **Problem C3**

L040A	U.S. Individual Income Tax Return <sup>(1)</sup>	1	<u> 1991</u>			OMB No 1848-00
itop 1	Your Aret neme and initial	L	M Ne		Your	rial security se.
Albeit L		<del></del>				spein security no
les the IRS	W a joint colurn, appeale's first halfe and sould					
Atherwise, H	Home address roumber and street cif you have	~ "		Apt ms	For 1	Privacy Act Paperwork
r type:	City, term or post office, state and EIP audo the	you have a fac	ryn påårom, oce page 18.1		Red	etion Act
•	Presidential Election Campa		(see page 17)		Note	Checking "Yes"
	Do you want \$1 to go to this i If joint return, does your apour	fund?	to go to this fund	d?   Yes   N	lo will i lo orne	not change your l duce your refund
Step 2	1 Single					
Check your	2 Married filing joint r	eturn (eva	in if only one ha	d income)	umhar	
Ming status	3 Married filing separa above and apouse's fu	sil nama l	)ere ▶			
Check only one I	4  Head of household (w	rith qualif	lying person). (S	ee page 18.) If t	he qualify	ing person is a
	child but not your de	pendent, o	enter this child's endent child (ve	name here 💌 . ar apouse died 🕨	19	), (See page 19
Step 3	Sa D Yourself. If your parent to	r semeone el secit best de l	ee) can clasm you so ( But he sure to check (	s depandent on his or the bes on kno 16b or	her tax	No. of boson absolute on St and Sh
Agure your exemptions	b Spouse				No of months	
See page 20 :	6 Dependents:	(2) Check if under	(8) If age 1 or older. dependent's secual security number	(d) Dependent's (d) relationship to	red to poor lead to poor	No. of your shildren on Sc when
	(8) Home (first, mutsel, and last name)	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	securey number	<del>'''</del>		a lived with you
i more then even						a dida'i live
ispendents, es page 23		4		<b>├</b> ──		with you doe to diverse or reportion
		<del>1i</del>	<del></del>	ł — — – – – – – – – – – – – – – – – – –		(see page 35)
		1				
	***************************************	$I_{-1}$	<del></del>	<u> </u>		No. o. other dependents Moled on Gc
	If your child didn't liv dependent under a pre-	e with y	on but is clain	ned as your re ▶ □	1	Add numbers
	<ul> <li>Total number of exempt</li> </ul>	tiona clain	ned			intered on Mass above
Step 4	7 Wagea, salaries, tips, et	c. This sh	ould be ahown i	n Box 10 of you	7	
Flature your	W-2 form(a). (Attach Fo	rm(a) W-2	n 26) (if over \$	400, also comple		
total Income	and attach Schedule 1.	Part I.)			8a	
	b Tax-exempt interest. (DO	NOT inclu	de on line 8a.) 8	b	ļ	
Ajiash Copy B	Dividends. (If over \$400,	also comp	lete and attach	Taxable amou	11.) 9	
of your Farms W-3 and 1000-H	10a Total IRA diatributions. 10a			(see page 27).	10b	
bore.	11s Total pensions		110	Taxable amou		
Allach check of	and annuities. 11a	777	1	(see page 27).	11b	
money order on top of any Forms W-2 or 1006-R	12 Unemployment compen	sation (in	surance) from P	Texable amou	12	
W-2 or 1000-R	13a Social security benefits. 13a			(see page 31).	135	
	14 Add lines 7 through 13b (fe	ar right col	umn). This is your	total income.	▶ 14	
Step 5	18a Your IRA deduction from	applicabl	e worksheet. Li	D8	<del> </del>	
Figure your	Spouse's IRA deduction sheet. Note: Rules for IR/	irom appi Li berin on	page 33. 1	5b	L_	
adiusted					15c	· I
digaston.	s Add lines 15a and 15b.  Subtract line 15c from li	Titled en	And sness mid	<del></del>		

991	rom	1040A				Page 2
tep 6	17 E	Inter the amount from line 16.			17	
	48- (	Check   You were 65 or older B	lind   Enter numb	er et 🗀		
	i	f: \ \   Spouse was 65 or older \ \ \ B	lind   bexee check	od ► 18a		
		your parent (or someone else) can cl	sim you as a deper	odent, · ▶ 18b 🗀		
		theck here If you are married filing separately and				
		1040 and itemises deductions, see page	37 and check here	· P 18c L		
gure your landard aduction.	1	Enter the standard deduction sho But if you checked any box on li find your standard deduction. If you	ne ille er b. 170 t	o page 37 to		
- Cultury		Single—\$3,400 • Head of hour		•		
		Married filing jointly or Qualifying	widow(er)-\$5,7	00		l
		Married filing separately-\$2,850			19	
	20	Subtract line 19 from line 17. (If line	19 is more than lin	e 17, enter -0)	20 17	_
comption		Multiply \$2,150 by the total number of	d azametione claim	and on line fie	21	1
mount, and	2 <u>1</u>	Subtract line 21 from line 20. (If line 21	is more than line 2	0, enter -0)		
COMO		This is your <b>taxable income</b> .		<u> </u>	22	├
tep 7	23	Find the tax on the amount on line	22. Check if from	: 301	23	Ì
igure your	240	Tax Table (pages 44-49) or F Credit for child and dependent care a	XDENSOS.	1	<u></u>	<u> </u>
ix, credits,	2.42	Complete and attach Schedule 2.	248			
m Lyments	<b>b</b>	Credit for the elderly or the disable				
you want the	_	Complete and attach Schedule 3.  Add lines 24s and 24b. These are you	nir total credita		24c	1
là ta figure	28	Subtract line 24c from line 23. (If line 2	4c is more then line	23, enter -0)	25	$I_{-}$
our tax, see H Instructions	26	Advance earned income credit paym	ents from Form V	V-2.	26	├-
r line 32 on age 38.	27	Add lines 25 and 26. This is your to	del lex.		27	ــــــــــــــــــــــــــــــــــــــ
•	ilse	Total Federal income tan withheld. tax is from Form(a) 1099, check her	(it any 'e ▶ [].) 28a	157		
		1991 estimated tax payments and a	mount		•	
		applied from 1990 return.	<u>28b</u>		•	
	c	Earned income credit. Complete attach Schedule EIC.	and 28c	İ		
	4	Add lines 28a, 28b, and 28c. These	are your total pa	yments. 🕨	284	1_
itep 8	29	If line 28d is more than line 27, aubti	ract line 27 from li	ne 28d.		
igure your		This is the amount you overpaid.			_29	- <del>-</del> -
ofund or	30	Amount of line 29 you want refunde	d to you.		30	1
mount you we	31	Amount of line 29 you want applied		1		
		1992 estimated tax,	31		•	
ittach check or noney order on	32	If line 27 is more than line 28d, subtra- amount you owe. Attach check or mo	ct line 28d from him nev order for 641 en	e 27. Thus is the nount payable to		
op of Form(s) N-2, etc., on		the "Internal Revenue Service." Write t	rour name, address,	social security		
ege 1.		number, daytime phone number, and "!	1991 Form 1040A* 0	on it.	32	ــــــــــــــــــــــــــــــــــــــ
	33	Estimated tax penalty (see page 43).	33	schadulas and statement	a, and to the best of my hr	white
itep 9	and belief, I	Estimated tax penalty (see page 43).  Rise of perjury, I desiare that I have examined this relative true, servet, and esseptets. Declaration of periods	reparts (other than the t	aapayer) is based on All	Imministration of Which Life	- Abe
lign your wturn	Your of	gnature .	Date 7	1901 southerned		
Keep a copy of		) To a A // // // // // // // // // // // // /	Date	Opouse's eccupation		
is return for ir records.	-	a agraciare in paint female, IPVIII most sign!				
Paid	Properor's eignoture	)	Date	Check of support [	Properer's social secur	nly no
properor's	Firm's com	to lar yearing		I R.I. Ho		
use only	if salf-empt	eyed) and		ZIP mis		

#### **Problem C3**

	for Form 1040A Filers (1) 1991	-	OMB No. 18 social essenity s	
famels) shown on Fo			ona <del>comp</del> : O pooj t c	
Part i	Complete this part and attach Schedule 1 to Form 1040A if:			
interest nooms See pages 26 and 50.)	<ul> <li>You have over \$400 in taxable interest, or</li> <li>You are claiming the exclusion of interest from series EE U.S. saving If you are claiming the exclusion or you received, as a nominee, into belongs to another person, see page 50.</li> <li>Note: If you received a Form 1099-INT, Form 1099-OID, or substitt brokerage firm, enter the firm's name and the total interest she</li> </ul>	erest th	at actually ement, from (	
	1 List name of payer		Amount	
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		- 1		t
				L
	2 Add the amounts on line 1.	_2	<u></u>	╁~;
	3 Enter the excludable savings bond interest, if any, from Form 8815, line 14. Attach Form 8815 to Form 1940A.	3		l
	4 Subtract line 3 from line 2. Enter the result here and on Form 1040A. line 8a.	4	, .	T
	Complete this part and attach Schedule 1 to Form 1040A if you receive	d over 1	400 in divide	nd
Davi li	Complete this part and attach accompine t to Form tuelts it you receive			
	If you received, as a nominee, dividends that actually belong to ano			ta n
Dividend	If you received, as a nominee, dividends that actually belong to ano Note: If you received a Form 1099-DIV, or substitute statement, from	ther pe	rson, see pag	
Dividend Income	If you received, as a nominee, dividends that actually belong to ano Note: If you received a Form 1099-DIV, or substitute statement, from the firm's name and the total dividends shown on that form.	ther pe	rson, see pag kerage firm,	
Dividend Income (See pager 26	If you received, as a nominee, dividends that actually belong to ano Note: If you received a Form 1099-DIV, or substitute statement, from	ther pe	rson, see pag	
Dividend Income (See pager 26	If you received, as a nominee, dividends that actually belong to ano Note: If you received a Form 1099-DIV, or substitute statement, from the firm's name and the total dividends shown on that form.	ther pe	rson, see pag kerage firm,	
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Dividend Income (See pager 26	If you received, as a nominee, dividends that actually belong to ano Note: If you received a Form 1099-DIV, or substitute statement, from the firm's name and the total dividends shown on that form.	ther pe	rson, see pag kerage firm,	
Part II Dividend Income (Bee pager 26 and 51.)	If you received, as a nominee, dividends that actually belong to ano Note: If you received a Form 1099-DIV, or substitute statement, from the firm's name and the total dividends shown on that form.	ther pe	rson, see pag kerage firm,	
Dividend Income (See pager 26	If you received, as a nominee, dividends that actually belong to ano Note: If you received a Form 1099-DIV, or substitute statement, from the firm's name and the total dividends shown on that form.	ther pe	rson, see pag kerage firm,	

Deduction Chart for	Standard Deduction Chart for People Age 55 or Older or Blind If someone can claim you as a dependent, use the worksheet below, instead.						
People Age 85 or Older	Enter the number from the box on line 18a of Form 1040A.		Do not use the number ions from line 6e.				
or Mind		and the number in the box above is:	enter on Form 1040A, line 19:				
	Single	1 2	\$4.250 \$5.100				
	Married filing a joint return or or Qualifying widow(er) with dependent child	1 2 3 4	\$6.350 \$7.000 \$7,650 \$8,300				
	Married Ming a separate return	1 2 3 4	\$3,500 \$4,150 \$4,800 \$5,450				
	Head of household	1 2	\$5.850 \$6.700				
Standard Deduction Workshoot for Desendants	Standard Deduction Worksl Use this worksheet ONLY						
	1. Enter the amount from Form 1040A.	line 7. If none, enter -0	1. 3,000				
	2. Minimum amount.		2. 550.00				
	Compare the amounts on lines 1 and two amounts here.	12. Enter the larger of the	3.000				
	4. Enter on line 4 the amount shown be Bingle, enter \$3,400 Married filing a soperate return, Married filing a joint return, or or, with dependent child, enter \$5,70 Head of household, enter \$5,00	enter \$2,850 ualifying widow(sr) 100	4 3,400				
	Standard deduction     Compare the amounts on lines 3     the two amounts here. If under 6     and enter this amount on Form     to line 50.	3 and 4. Enter the amaliar of 85 and not blind, stop here	5a. 3,000				
	b. If 65 or older or blind, multiply \$	lying widow(er) with					
	joint or separate return, or qualif dependent child) by the number Enter the result.	on Form 1040A, line 184.	5b. L				



Department of the Treasury Internal Revenue Service

W-4. This total should be divided among all jobs. Your withholding will usually be most accurate when as asowances are claimed on the W-4 Ned for the highest beying job and zero atowances are claimed to the others.

#### **Quiz Problem A1**

Purpose. Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay.

19**92** Form W-4

Exemption From Withholding, Read line 7	of the Huad of Household	d Generally, you may claim head	for the others	ero allowances are clarined
certificate below to see if you can claim eat status. If exampl, complete line 7, but do n plete lines 5 and 8. No. Federal income tax withheld from your pay. Your examplion is	of com you are unmarried it will be costs of keeping up good for dependent(s) or off	status on your tall reform only if and pay more than 50% of the p a home for yourself ar 1 your her qualifying individual?	for this credit, you can re paycheck throughout the	year For details get Forr
ine year only. It expires February 15: 1993 Beals Inversictions. Employees who are no inouty complete the Personal Allowances. Norkaheet: Additional worksheets are provi	nonwage income, s should consider ma ided un using Form 10x3-E	. If you have a large amount of such as interest or dividends, you along estimated tax payments. S. Otherwise, you may find that		s. After your W-4 takes 919, is My Withholding I how the dollar emount yo
page 2 for employees to ACRUAL their withho allowances (1994) on demized deductions, adjustments to income, or two-earner/two-I	olding you owe additional Two-Earner/Twe- ob too red or more the	tax at the end of the year Jebs. If you have a working an one job, figure the lotal	publication Check your l	00-829-3678 to order this local telephone directory fo
solutions. Complete all worksheets that ap- your situation. The worksheets will help you	*Ply 13 number of allowance	ces you are entitled to claim on sheets from only one Form	the IFIS assistance numb	er if you need funther help
Personal Allowances Worksh	\$105,250 (\$157,90	ue of your personal exempti 00 if married filing jointly, \$1 arately). Get Pub. 919 for di	31,550 if head of hou	ur income is over usehold, or \$78,950
A Enter "1" for yourself if no one	•	•		, A
1 -	le and have only one job; o			l .
		I your spouse does not work ouse's wages (or the total of b		ſ · •
C Enter "1" for your spouse. But.				) Innise or
more than one job (this may hel				
D Enter number of dependents (o				
E Enter "1" if you will file as fread				
F Enter "1" if you have at least \$1	1,500 of child or dependen	nt care expenses for which y	ou plan to claim a cre	det . <b>F</b>
G Add lines A through F and enter total				
€ If you plan t	to Hernize or claim adjustr	ments to income and want to	reduce your withholds	ing, see the Deduction
OU art ( , , , , , , , , , , , , , , , , , ,	single and have more than led and have a working apo	sione job and your combined	earnings from all jobs	exceed \$29,000 OR
		xuse of more than one job, a	AG LUS COLLIGENSO SELLE	ige from all jobs excel
WUNDERSON	the Two-Earner/Two-Job V	ouse or more than one job, a Vorluheet on page 2 if you w	ant to evoid having to	ige from all jobs excel o little tax withheld
that apply \$50,000, see	the Two-Earner/Two-Job V	puse or more than one job, a Vorksheet on page 2 if you w i, <u>stop here and enter tha num</u>	ant to evoid having too	bietie tax withheld
that apply \$50,000, see	the Two-Earner/Two-Job V the above situations applies	Vorksheet on page 2 if you w i, stop here and enter the num	ant to avoid having too ber from tine G on fine !	o little tax withheld 5 of Form W-4 below
that apply 850,000, see et neither of Cut here en	the Two-Earner/Two-Job V the above situetions applies id give the certificate to you	Vorksheet on page 2 if you w i, stop here and enter the num ur employer, Keep the top po	ant to evoid having too ber from line G on fine t rition for your records.	o little tax withheld 5 of Form W-4 below
that apply 850,000, see et in neither of Cut here an	the Two-Earner/Two-Job V the above situations applies and give the certificate to you applicated's Withhol	Vortsheet on pege 2 if you w i, stop here and enter the num ur employer. Keep the top po iding Allowance C	ant to evoid having too ber from time G on fine t rition for your records. ertificate	o little tax withheld 5 of Form W-4 below
that apply 850,000, see et it neither of Cut here an Ettil Department of the Treatmy between Newschill Struct	the Two-Earner/Two-Job V the above situations applies id give the certificate to you iplicyee's Withhol- For Privacy Act and Pape	Vorksheet on page 2 if you w i, stop here and enter the num ur employer, Keep the top po	ant to evoid having too ber from tine G on fine S rition for your records. Certificate see reverse.	OMB No 1545 0010
that apply 850,000, see et in neither of Cut here an Cut here an Ettil Diparties of the Instancy letters Associated Service 1 Type or print your first name is	the Two-Earner/Two-Job V the above situations applies and give the contribute to you iployee's Withhole For Privacy Act and Paper and middle initial	Vorksheet on pege 2 if you will, stop here and enter the num ur employer. Keep the top po iding Allowance C rwork Recluction Act Notice, Last name	ent to evoid having too ber from tine G on fine 5 rition for your records. Certificate See reverse.  2 Your	OMB No 1945 0010  OMB No 1945 0010  OMB no units out the security number
that apply 850,000, see et it neither of Cut here an Ettil Deprimer of the Insect Interest Service 1 Type or print your first name it Home address (number and s	the Two-Earner/Two-Job V the above situations applies and give the contribute to you iployee's Withhole For Privacy Act and Paper and middle initial	Vorksheet on pege 2 if you will, stop here and enter the num ur employer. Keep the top po- liding Allowance Convort. Recluction Act Notice, Last name  3   Single   N	ent to evoid having to ber from line G on line ! rition for your records. ertificate see reverse. 2 Your sarred \( \) Marined, but we	OMB No 1545 0010  OMB No 1545 0010  OMB No 1545 0010  Social security number
that apply 850,000, see et it neither of Cut here an Etti Department of the Insect Ins	the Two-Earner/Two-Job V the above situations applies and give the certificate to you applicage 's Withhole For Privacy Act and Paper and middle initial street or rural route)	Vorksheet on pege 2 if you will, stop here and enter the num ur employer. Keep the top po- liding Allowance C rwork Reduction Act Notice, Last name  3 □ Single □ N Nee # morest art spot	ent to evoid having too ber from tine G on fine 5 rition for your records. Certificate See reverse.  2 Your	OMB No 1545 001  OMB No 1545 001  OMB No 1545 001  Social security numbinated and higher Single related and the Segon of the Residue and the Segon New York President and the Segon New York President and the Segon New York
that apply 850,000, see et it neither of Cut here an Ettil Depriment of the Insect internal Reviews Service 1 Type or print your first name a Home address (number and s	the Two-Earner/Two-Job V the above situations applies and give the certificate to you applicage 's Withhole For Privacy Act and Paper and middle initial street or rural route)	Vorksheet on pege 2 if you will, stop here and enter the num ur employer. Keep the top po- liding Allowance Convork Recluction Act Notice, Last name  3   Single   Note that num 4   Hillyour last name	ent to evoid having too ber from tine G on fine 5 rition for your records.  ertificate  see reverse.  2 Your  seried  Alarned, but we seerand, or green a e work	OMB No 1545 0010  OMB No 1545 0010  OMB No 1545 0010  Social security number thinoid at higher Single railers about 85 Single
S50,000, see et in neither of Cut here an Etti Department et in a frasaun returned et in a frasaun 1 Type or print your first name (1 Home address (number and s 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2	the Two-Earner/Two-Job V the above situetions applies and give the certificate to you splicyee's Withhole For Privacy Act and Paper and middle initial street or rural route)	Vorksheet on pege 2 if you will, stop here and enter the num ur employer. Keep the top po- liding Allowance Covert Reduction Act Notice, Last name  3 Single 1 to the if manual be topol 4 If your last name check here and	ent to evoid having too ber from tine G on fine 5 rition for your records.  ertificate  see reverse.  2 Your  served Marined but we sewred at severa a reverse e differs from that on you as 1-800-772-1213 for mo	OMB No 1545 001  OMB No 1545 001  OMB No 1545 001  OMB No 1545 001  Social security numb  withhold all higher Single ra-  wite size clear the Sept No is social security card.
S50,000, see et in either of Cut here an Cut here an Etti Department of the Instancy Internal Revenus Service 1 Type or print your first name of Internal Advances (number and see in Internal I	the Two-Earner/Two-Job V the above situetions applies ad give the certificate to you apployee's Withho For Privacy Act and Paper and middle initial street or rural route) out are claiming (from line G	Norksheet on pege 2 if you will, stop here and enter the num ur employer. Keep the top policiting Allowance Convort Reclusion Act Notice, Last name  3 Single Note in Million of Million of Million in	ent to evoid having too ber from tine G on fine 5 rition for your records.  ertificate  see reverse.  2 Your  served Marined but we sewred at severa a reverse e differs from that on you as 1-800-772-1213 for mo	OMB No 1545 0010  OMB No 1545 0010  OMB No 1545 0010  Social security number thinked at higher Single railers above the Single railers above the Single railers above the social security card.  Its information
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that apply  850,000, see et in neither of  Cut here an  Cut here an  Form W=4 Department of the Instancy Internal Reviews Service  1 Type or print your first name is  Home address (number and s  / // //  City of town, state, and ZIP c  // //  5 Total number of allowances you  Additional amount, if arry, you  7 I clearn exemption from within  Last year I had a right to a  This year if my income acces  If you meet all of the above c  8 Are you a full-time student? ( Under penalties of perjury, i certify that it a  Employee's alignature b	the Two-Earner/Two-Job V the above situations applies ad give the certificate to you applicage's Withhole For Privacy Act and Paper and middle initial street or rural route)  y code ou are claiming (from line G u want deducted from each olding and I certify that I im- returd of ALL Federal income tau tool ALL Federal income tau tool ALL Federal income tau conditions, enter the year at Note: Full firms skudents an im-antitiad to the number of with	Vorksheet on pege 2 if you will, stop here and enter the num ur employer. Keep the top po Idding Allowance C revork Recluction Act Notice, Last name  3 Single 14 H your last nam 4 If your last nam check here and it is above or from the Workshee in paycheck leet ALL of the following con ome tax withheld because I h is withheld because I oxpect it withheld because I oxpect it age income, another person of ffective and "EXEMPT" here is not surfametically eleming! ) holding allowances claimed on the	ent to evoid having tot ber from tine G on fine 5 rition for your records.  ertificate  see reverse.  2 Your  Mined [] Marined, but wi seerand or severs a prevers a preverse address from that on you all 1-800-772-1213 for mo te on back if they apply strong for exemption and PIO tax habitity; ANO have NO tax habitity; ANO have NO tax habitity; and charm me as a department of the provided of the p	CMB No 1545 0010  OMB No 1545

the number of withholding allowances you are entitled to claim. However, you may claim fewer anowances than this

#### Q

z Problem	A2				
19 <b>92</b>	Form	W-4		Department of Internal Reven	the Treasury
pare nives 5 and 6 No Fi with red from your pay. Yo only year only it appres I Bleac instructions. Empli shinuid compete the Perr Worksheet. Additional wo page 2 for amployees to allowances based on ken adjustment's to income. O astustons. Complete at a stustons. Complete at a stustons. Complete at a	e correct amount of your pay letting. Read line 7 of the you can cuern exempt te nine 7 but do not com sideral income 18a will be four exemption is good for returning 15 1993 longless who are not exempt longless who are not exempt longless are Provided on adjust these withholding inted deductions, if two earnerfline job.	the number of withholding all entitled to claim. However, yo allowever, yo allowever, yo allowever, but have the second deep stake on you are uninersed and pay me costs of leading up to force of dependents) or other qualifys feerwege fincerses. If you have norways encomes, such as not should consider making elemyou owe additional tax at the Yes-Element Two-Jeles. If yo sould or more than one plo number of allowences you and jobe using worksheefs from all yobe using worksheefs from all yobe using worksheefs from	u mely cleim lever by, you may cleim head your fair return only if one then 50% of the or yourself and your ng individuals e a lerge amount of reset or devidends, you had a lerge amount of reset or devidends, you had be in the year under the year under the year they are working have the total	W-4 This total should be of Your withholding let usually all allowed by the letter of the total highest peying job and zer for the others. Advance Earned Incerne Incerne for the credit, you can not peycheck throughout the yill 5 from your employer. Check Your Withholding, effect, you can use Pulls. 9 Cornect for 1992, to see it are having withhold compa total annual size Cell 1-300 publication. Check your tot the IRS assistance number.	y be most accurate who no he W-4 field for the o allowances are claimed credit. If you are eleptie me if added in your as For details get Forn After your W-8 takes 18, is sky Withholding on the dollar amount you ret to your stemated -829-3978 to order the all belephons (deeptory for all deeptory for all deeptory (deeptory for all deeptory for all deeptory (deeptory for all deeptory for all deeptory (deeptory for all deeptory deep
Personal Allower	\$	or 1992, the value of you 105.250 (\$157,900 if ma terned filing separately).	med filing jointly, \$	131,550 if head of hous	income is over ehold, or \$73,950
C Enter "1" for you more than one jo D Enter number of E Enter "1" if you v F Enter "1" if you h	ir epouse, But, you may b (this may help you avo dependents (other than within as head of house lave at least \$1,500 of of F and miter total here. Bets: e. If you plan to Itemitas e. If you are single and you are married and he \$50,000, see the Two-E	and job of your spouse's with choose to enter -0- if you will have your spouse or yourself) who will not on your tax return (a hild or dependent care at 7hs amount may be direct on or claim adjustments to the company of the company	us are married and hinheld, whom you will claim use conditions under uppenses for which i from the number of an imported and want to and your combines nore than one job, a t on page 2 if you w	ne re either a working sp on your tax return.  "Head of Household," a you plan to claim a credit implens you claim on your in o reduce your withholding d semings from all yobs ( and the combined seming rant to avoid heving too	D
Form Wad Department of the Treasury Internal Reviews Service	Employe	continues to your employ b's Withholding acy Act and Paperwork Re	Allowance C	ertificate	19 <b>92</b>
1 Type or print y	our first name and middle	e initial Lee!	name	2 Your so	ocial security numbe
. 1	tele, and ZIP code		4 If your last name	Aarned  Married, but with y separated or species is a newseak se differs from that on your call 1-800-772-1213 for more	ori alem check the Single had social security CATE,
6 Total number of a Additional amo 7 I claim exempt e Last year I h e This year I e e This year if m you meet all 8 Are you a full 1	of allowances you are clai unt, if any, you want dec- ion from withholding and ad a right to a refund of open a refund of ALL. Fi, y income exceeds \$600 a of the above conditions, time eludent? (Nete: Full time eludent? (Nete: Full	ming (from line G above of ducted from each psychec I certify that I meet ALL. ALL. Federal income tax withheld and includes norwege income enter the year effective a bone students are not aut to the number of withholding all	ok of the following con withheld because I had because I had because I expect to ne, another person or and "EXEMPT" here ownercally average I)	ditions for exemption: ad NO tax liability, AND to have NO tax liability; A nnot claim me as a deper	9 Yee No

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### Form W-4

Department of the Treasury Internal Revenue Service

Purpose. Complete Form W-4 so that your amployer can withhold the correct amount of Federal income tax from your pay

Recognition From Withhelding, Fined line 7 of the contricate below to see if you can claim exempt connecte eature to see ill you can ciarri entirpoi sieux. Il exempt, complete ano 7; but do not com-plete ane 5 and 6. No Federal recome tax will be withheld from your pay. Your exemption is good for one year only. It express February 15, 1893.

Basis Instructions. Employees who are not enempt should complete the Personal Allowances. Worksheets Additional worksheets are provided on Worksheat Additional worksheats are provided negar 2 for employees to adjust their withholding atowarces based on familied deductions, adjustments to income, or two-earms/mo-job setuations. Complete all worksheats that apply to your situations. The worksheats will help you figure

the number of witholding allowences you are ented to claim. However, you may claim fewer nes then this

Head of Househeld. Generally, you may claim head of househeld filing status on your tax return only if you are unvertical and pay more than 50% of the costs of leaping up a home for yourself and your dependently) or other qualifying individuals.

learnings become. If you have a large enrount of navwege browns, such as livered or dividends, you should consider making estimated lar payments using Farm 1000-E8. Otherwise, you may find that you own additional tax all the ent of the year.

Two-Eurosy/Two-Jubs. If you have a working your process or more than one job, figure the total number of allowances you are are the claim on all jobs using worksheets from enly one Form.

W-I. The total should be divided among all jobs. Your withholding will usually be mail accurate when all allowenous are claimed on the W-I filed for the highest people job and zone allowenous are claimed for the others.

Advense tirmed insome Credit, if you are eligible for this credit, you can receive it added to your psychock throughout the year. For details, get Form W-5 from your employer.

Chesh Year Wildhesting, After your W-4 tales affect, you can use Puls. 916, to My Wiltholding Correct to: 1982?, to see how the other amount you are having withheld compared to your self-male total amount that. Call 1-400-829-3878 to order this publication. Check your local tetaphone directory for the IRS assistance number if you need further help

Personal Allowances Worksheet For 1992, the value of your personal examption(s) is reduced if your income is over

	. Get Pub. 919 for details.
A Enter "1" for yourself if no one else can claim you as a depender	<del> </del>
e You are single and have only one job; or	
8 Enter "1" if:	
e Your weges from a second job or your spouse's v	reges (or the total of both) are \$1,000 or less.
Enter "1" for your epouse. But, you may choose to enter -0- if y	you are married and heve either a working spouse or
mole than one job (this may help you avoid having too little tax w	Whiteld) ,
Enter number of dependents (other than your spouse or yourself)	whom you will claim on your tax return
Enter "1" if you will file as head of household on your lax return	(see conditions under "Head of Housenkild," #DOVE) . W
Enter "1" if you have at least \$1,500 of child or dependent core	expenses for which you plan to claim a cross
Add lines A through F and enter total here. Note: This amount may be differen	to income and wan to reduce your withholding, see the Deductions
worksheets you are married and have a working speuce or that sonly \$50,000, see the Two-Earner/Two-Job Workshi	the and your combin.vd earnings from all jobs exceed \$29,000 OR if mere then one job, and the combined earnings from all jobs exceed set on page 2 if you wrist to avoid having too little tax withheld. here and enter the ruinber from tine G on line 5 of Form W-4 below.
Cut here and give the certificate to your empl	layer. Keep the tap pertien for your records.
W.4   Employee's Withholding	Allowatice Certificate OMB No. 1545-0010
	i signer
rame ferror terror Property Art and Paperwork I	et name 2 Your social security number
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Home address (number and street or rural route)	3 Senate Marmed Merrad, but withheld at higher Single rate
rightion in Vient ditte	Bate. If married, but legally separated, or operate is a neutral state state. White the Single best
City or lown, state, and ZIP code	4 If your last name differs from that on your social security card.
Only of 10 mile sense to accompany to the contract of the cont	
1.4 1.4 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5	check here and cell 1-800-772-1213 for more information . ▶
Va 197100, 12. 2021	check here and cell 1-800-772-1213 for mere infermetion  or from the Worksheets on back if they apply)
Total number of allowances you are claiming (from line G above	check here and cell 1-800-772-1213 for mere infermellen . P  or from the Worksheets on back if they apply)
Total number of allowances you are claiming from line G above     Additional amount, if any, you want deducted from each paych     I claim exemption from withholding and I certify that I meet A&I	check here and call 1-800-772-1213 for mere information  or from the Worksheets on back if they apply) eck L of the following conditions for exemption:
Total number of allowances you are claiming from line G above     Additional amount, if any, you want deducted from each paych     I claim exemption from withholding and I certify that I meet ALI     Last weer I had a notit to a refund of ALL Federal income tax	check here and call 1-800-772-1213 for mere information  or from the Worksheets on back if they apply) eck L. of the following conditions for exemption: t withheld because I had NO tax liability, AND
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Total number of allowances you are claiming (from line G above Addrional amount, if any, you want deducted from each paych I claim exemption from withholding and I cartify that I meet ALI e Liset year I had a right to a refund of ALL Federal income tax withh e This year I expect a refund of ALL Federal income tax withh e This year if my income exceeds \$600 and includes norwage inco	check here and call 1-800-772-1213 for mere information  or from the Worksheets on back if they apply)  eck  L of the following conditions for exemption:  withheld because I had NO tax RabMy, AND and because I expect to have 900 tax habMy, AND one, another person canvol claim me as a dependent.
Total number of allowances you are claiming from line G above Addrional amount, if any, you want deducted from each paych I claim exemption from withholding and I certify that I meet ALI Last year I had a right to a refund of ALL Federal income tax This year if any income exceeds \$800 and includes norwage income If you meet all of the above conditions, enter the year effective.	check here and call 1-800-772-1213 for mere information P Cor from the Worksheets on back if they apply) 8 eck L. of the following conditions for exemption: I withheld because I had NO tax liability; AND and because I expect to have NO tax hability; AND ome, another person carriot claim me es a dependent and "EXEMPT" here P 7 19
Total number of allowances you are claiming (from line G above Additional amount, if any, you want deducted from each paych 7. I claim exemption from withholding and I certify that I meet A&L e Leat year I had a right to a refund of A&L Federal income tax within a This year if my income asceeds \$600 and includes nonwage for if you meet all of the above conditions, enter the year effective Are you a full-time student? Refers Full-lime students are not a	check here and call 1-800-772-1213 for mere information  or from the Worksheets on back if they apply) eck L of the following conditions for exemption: withheld because I had NO tax liability; AND and because I expect to have NO tax liability; AND and except apply and except
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Total number of allowances you are claiming (from line G above Additional amount, if any, you want deducted from each paych I claim exemption from withholding and I certify that I meet ALI e Last year I had a right to a refund of ALL. Federal income tax at This year I expect a refund of ALL Federal income tax within a This year if my income exceeds \$600 and includes nonvage incitif you meet all of the above conditions, enter the year effective.  Are you is full-time student? Relating the students are not a Under penalties of payury. I certify that I am entered to the number of withholding it.	check here and call 1-800-772-1213 for mere information P or from the Worksheets on back if they apply) 6 eck L. of the following conditions for exemption: I withheld because I had NO tax liability; AND ald because I expect to have MO tax hability; AND ome, another person carriot claim me se a dependent and "EXEMPT" here P 19 ending to the IRSI 10 Office code 11 Employer identification number
Total number of allowances you are claiming from line G above Additional amount, if any, you want deducted from each paych I claim exemption from withholding and I cartily that I meet ALI Last year I had a right to a refund of ALL Federal income tax withhis. This year if expect a refund of ALL Federal income tax within a This year if my income exceeds \$800 and includes nonwage inci- If you meet all of the above conditions, enter the year effective. Are you a full-time student? (Neets: Full-time abudents are not a Under penaliss of payury. I carrily that I am entered to the number of withholding it.  Employee's stenature.	check here and call 1-800-772-1213 for mere information P or from the Worksheets on back if they apply) 6 eck L. of the following conditions for exemption: I withheld because I had NO tax liability; AND ald because I expect to have MO tax hability; AND ome, another person carriot claim me se a dependent and "EXEMPT" here P 19 ending to the IRSI 10 Office code 11 Employer identification number

#### **Quiz Problem A4**

### Form W-4



Purpose. Complete Form W-4 so that your employer pan withhold the correct amount of Federal muome tax from your pay.

People income an income and interest in a continue to the conflictate below to see if you can claim swemp! status, if seems, complete in P., full do not complete inne 5 and 6. No Federal income tax will be withheld from your play Your elementation is good for one year only it suppres Petrulary 15, 1983.

Basic 2 setructions. Employees who are not exempt should complete the Parsonal Allowances should complete the Personal Allowances Workswall, Addisonal workshees are provided on page z for employees to educat their withholding allowances beased on terminal deductions, adjustments to income: ar her-ceremit/her-job shustoms. Complete all worksheests their apply to your shurton. The worksheests will help you figure.

the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances than this.

second region was re-tread of Hauseheld. Generally, you may claim head of household filing status on your last return only if you are unmarried and pay more than 50% of the costs of heaping up a home for vourself and your dependential or other qualifying individuals.

Nominege Index.no. If you have a large amount of narrange income, such as interest or dividends, you should consider making estimated that payments using Form 1040-ES. Otherwise, you may find that Monal has at the end of the year.

Two-Barner/Two-Jebs. If you have a working spaces or more than one job, figure the total number of allowances you are critical to claim all jobs using worksheets from only one Form. ated to claim on

W-4. This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 Red for the highest paying job and zero allowances are claimed for the others.

Advance Served Income Credit. If you are eligible for this credit, you can receive it added to your psychock throughout the year. For details, get Form W-5 from your arrudost.

W-5 from your arrupyer.
Cheels Year Withhelding, After your W-1 lakes effect, you can use Puls. 818, is My Wenholding Cornect for 1982?, to see how the dater amount you are having withheld congress to your sethinated toss arrupt iss. Call 1-809-829-9378 to order the publication. Cheels your local telephone directory for the IRS seestance number if you need further help.

#### Personal Allowences Worksheet

For 1992, the value of your personal exemption(s) is reduced if your income is over \$105,250 (\$157,900 if married filing jointly, \$131,550 if head-of household, or \$75,950 if married filing separately. Get Pub. 919 for release

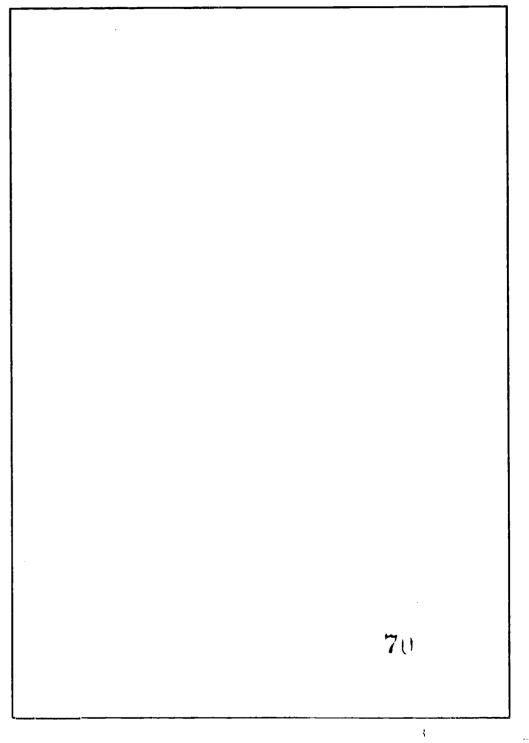
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Enter "1" if vo	a have at les	et \$1,500 of child	l or dependent	care expe	nees for w	hich you plan to	claim a credit		· —
Add lines A throu	ugh F and enter	total hers. Hote: Thi	is amount may be	different from	the number	of exemptions you	claim on your re	nn 🕨 (	<u> </u>
For accuracy, do all worksheets that apply.	end Adju e if you i you are if \$50,000,	plan to Hemise or letments Workshei are elingle and he warried and have a less the Two-Earn ler of the above sit	et on page 2. Ive more than ( a working speu ner/Two-Job Wo	one job an se er more orksheel on	your com	nbined earnings job, and the corr you want to avo	from ell jobs e bined earning id having too l	ixceed \$29, a from all joi little tax will	,000 OFI be enced bheld.
. <b>W-4</b>	<u>.</u>	re and give the ce	• Withhole	ding Al	lowanc	e Certific	ate	19	1545-0010 <b>92</b>
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City or town	n, state, and	ZIP code				st name differs fro			
1 1	July Co	1. t . · '(:	. ₹.		check her	e and cell 1-800-77	2-1213 for more	information	
Additional at I claim exent to Last year e. This year e. This year if you meet.	mount, if any option from v I had a right I expect a re if my income i all of the abo	ces you are claiming, you want deduct withholding and I of to a refund of ALL Fede exceeds \$500 and ove conditions, an art? (Note: Full-times)	cted from each poertify that time LL Federal income and income tax is linck dea nonway when the year effi-	paychack of ALL of the me tax with withheld be ge income, if active and "	ne following neld becau cause I exp mother pers EXEMPT*	g conditions for se I had NO tax pect to have NO son cannot claim here	exemption: liability: AND tax tability; A me as a deper	dent.	•• () 144
Are you a h							and heather		
Are you e h	erjury, I certify #	het I am enimed to the	A UNIMOR OF MALLIN	ciding allowan	ces claimed	OII THIS COLUMNICATE OF	CONTRACTOR CONTRACTOR		
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Are you e fi ler penetres of pr ployee's eligne	erjury. I certify II Nume III		nplete 9 and 11 c	only if sandin	g to the IRS	Date ►	• 1	<i>(*</i> c.	19



1.040EZ	Income Tex Return for Single Filers With No Dependents (1) 1991	OMB No 1545-067
Varne & address	Use the IRS label (see page 10). If you don't have one, please present the IRS label (see page 10). If you don't have one, please present it is the present the pr	9876543210 Your social security number Yes No
	Presidential Election Campaign (see page 11) Note: Checking Do you want \$1 to go to this fund?	Dollars Cents
Report rour ncome	1 Total wages, salaries, and tips. This should be shown in Box 10 of your W-2 form(s). (Attach your W-2 form(s).)	
Attach Copy B of Form(e) V-2 here. Attach tax	2 Texable interest income of \$400 or less. If the total is a chen \$400, you cannot use Form 1040EZ.	ore
seyment on op of Form(a) W-2 Note: You must check Yes or No	3 Add line 1 and line 2. This is your adjusted gross incom 4 Can your parents (or someone else) claim you on their retu  Yes. Do worksheet on back; enter amount from line E  No. Enter 5,550 00. This is the total of your standard deduction and personal exemption.	rn?
	Subtract line 4 from line 3 If line 4 is larger than line 3 enter 0. This is your taxeble income.	<u> </u>
Figura /our :ex	6 Enter your Federal income tax withheld from Box 9 of your W-2 form(s)	<u> </u>
	7 Tax. Use the amount on line 8 to find your tax in the trable on pages 16-18 of the booklet. Enter the tax from table on this line.	
Refund or emount	8 If line 6 is larger than line 7, subtract line 7 from line 6 This is your refund.	<u> </u>
owe 	9 If line 7 is larger than line 6, subtract line 6 from line 7. This is the associat you swe. Attach your payment for full amount payable to "Internal Revenue Service." Write your name, address, scotle servir number, digitume phone number, and "1991 Form 1040EZ" on it.	its , ,
Sign your return	I have reed this return. Under penalties of perjury, I d that to the best of my knowledge end belief, the ret true, correct, and complete.	
Keep a copy of this form for your records	Your signature Data Your occupation	
	X	
DIC -	et and Peperwork Reduction A.: Notice, see page 4 in the book	let. Cal. No. 11339W Form 1040EZ (197

filing status is single.  • You were under 65 and not do not claim any dependents.  • Your taxable income (line 5) had only wages, aslaries, tips, and taxable scholarship or fellowship le interest income was \$400 or less. Caution: If you earned tips for not included in Box 13 and Box 14 of your W-2, you may not be EZ. See page 12 in the booklet.  did not receive any advance earned income credit payments. see not sure about your filing status, see page 6 in the booklet. If dependents, see Tele-Tax (topic no. 155) on page 25 in the booklet can't use this form, see Tele-Tax (topic no. 152) on page 25 in the print your numbers inside the boxes. Do not type your numbers. Do neeple can fill cut the form by following the instructions on the front. But if you received a scholarship or fellowship grant or tax-exempt interes and bonds. Also use the booklet if you received a 1099-INT showing inding) or if you had two or more employers and your (total wages were abor, you must report your wages, salaries, and tips even if you don't not set banks, savings and loans, credit unions, etc., even if you don't goal someone to prepare your return, that person must also sign it are ation. See page 15 in the booklet.  this worksheet to figure the amount to enter on line 4 if someone lent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front.  B. Minimum amount.  C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	is less than ip grants, a including a e able to use you have qu booklet.  to use dolls it you will he income tax wit more than \$5 get a W-2 ( ing interest the Form 16 d show oth.  Can claim y  A.  B.  C.  D.	\$50,000. and your llocated tips) te Form  sestions  r signs. ave to use the ch as on held (backup 3,400. form from from savings 99-INT. f				
are not sure about your filing status, see page 6 in the booklet. If dependents, see Tele-Tax (topic no. 155) on page 25 in the booklet can't use this form, see Tele-Tax (topic no. 152) on page 25 in the booklet can't use this form, see Tele-Tax (topic no. 152) on page 25 in the print your numbers inside the boxes. Do not type your numbers. Do not type your numbers. Do not go to the form by following the instructions on the front. But you received a scholarship or fellowship grant or tax-exempt interested to the following the page 15 in the booklet if you received a 1099-INT showing includes at banks, avoing and two or more employers and your total wages were the set, you must report you'r wages, salaries, and tips even if you don't go said someone to prepare your return, that person must also sign it are stion. See page 15 in the booklet.  This worksheet to figure the amount to enter on line 4 if someone lent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front.  B. Minimum amount.  C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	booklet.  to use dolls it you will hi income fau ome tax will nore than \$5 get a W-2 ( ing interest it a Form 16 d show oth  can claim y  A.  B.  C.  D.	r signs.  sve to use the ch as on held tbackup 3,400.  form from from from savings 99-INT.  f				
dependents, see Tele-Tax (topic no. 155) on page 25 in the booklet.  can't use this form, see Tele-Tax (topic no. 152) on page 25 in the print your numbers inside the boxes. Do not type your numbers. re not print you received a scholarship or fellowship grant or tax-exempt interest post bonds). Also use the booklet if you received a 1099-INT showing including) or if you had two or more employers and your (otal wages were taber, you must report you'r wages, salaries, and tips even if you don't sat banks, savings and loans, credit unions, etc., even if you don't grand someone to prepare your return, that person must also sign it are ation. See page 15 in the booklet.  this worksheet to figure the amount to enter on line 4 if someone lent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front.  B. Minimum amount.  C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	booklet.  to use dolls it you will hi income fau ome tax will nore than \$5 get a W-2 ( ing interest it a Form 16 d show oth  can claim y  A.  B.  C.  D.	r signs. sve to use the ch as on held tbackup 3,400. form from from savings 99-INT. f				
print your numbers inside the boxea. Do not type your numbers. Do resple can fill cut the form by following the instructions on the front. Build you received a scholarship or fellowship grant or tax-exempt interespel bonds). Also use the booklet if you received a 1099-INT showing including) or if you had two or more employers and your total wages were taber, you must report your wages, salaries, and tips even if you don't at banks, savings and loans, credit unions, etc., even if you don't go and someone to prepare your return, that person must also sign it are attached. See page 15 in the booklet.  this worksheet to figure the amount to enter on line 4 if someone lent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front.  B. Minimum amount.  C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	ot use dolls it you will hi i income fau ome tax will ome than \$2 ing interest it a Form 10 d show oth.  Can claim y  A  B  C  D	sve to use the ch as on hheld tbackup i3,400. form from from savings 99-INT. f				
sople can fill cut the form by following the instructions on the front. Bit if you received a scholarship or fellowship grant or tax-exempt interes all bonds). Also use the booklet if you received a 1099-11NT showing inding) or if you had two or more employers and your (otal wages were abor, you must report you'r wages, salaries, and tips even if you don't inployer. You must also report all your taxable interest income, includes at banks, savings and loans, credit unions, etc., even if you don't grand someone to prepare your return, that person must also sign it are ation. See page 15 in the booklet.  this worksheet to figure the amount to enter on line 4 if someone lent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front.  B. Minimum amount.  C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	tt you will his income fau income fau will nore than \$5 aget a W-2 fing interest the Form 16 d show oth  Can claim y  A	sve to use the ch as on hheld tbackup i3,400. form from from savings 99-INT. f				
nber, you must report your wages, salaries, and tips even if you don'n ployer. You must also report all your taxable interest income, includ is at banks, savings and loans, credit unions, etc., even if you don't grant someone to prepare your return, that person must also sign it are ation. See page 15 in the booklet.  this worksheet to figure the amount to enter on line 4 if someone lent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front.  B. Minimum amount.  C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	get a W-2 (ing interest to Form 10 d show oth  can claim y  A	form from from from savings 99-INT.  f  you as a				
paid someone to prepare your return, that person must also sign it an ation. See page 15 in the booklet.  this worksheet to figure the amount to enter on line 4 if someone lent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front.  B. Minimum amount.  C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	can claim y  A B C	70u as a 550.00				
lent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front.  B. Minimum amount.  C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	A B C D	550.0				
B. Minimum amount. C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here. D. Maximum amount.	B C D	550.00				
C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.  D. Maximum amount.	C	, 				
Enter the LARGER of the two amounts here.  D. Maximum amount.	C					
		3,400.0				
E. Compare the amounts on lines C and D above.  Enter the SMALLER of the two amounts here and on line 4 on front.		· ·				
checked "No" because no one can claim you as a dependent, en the total of your standard deduction (3,400.00) and personal exe	er 6,550.00	on line 4.				
your name, address, and social security number on the label correct the label?	ect? If not,	did you				
ou didn't get a label, did you enter your name, address (including urity number in the spaces provided on page 1 of Form 1040EZ?						
3. Did you check the "Yes" box on line 4 if your parents (or someone else) can claim you as a dependent on their 1991 return (even if they choose not to claim you)? If no one can claim you as a dependent, did you check the "No" box?						
l you enter an amount on line 4? If you checked the "Yes" box on I worksheet above to figure the amount to enter? If you checked ther her 5,550,00?	e "No" hox.	did you				
table income. Federal income tax withheld, and your retund or am	ount you ov	wer				
6. Did you use the amount from line 5 to find your tax in the tax table? Did you enter the correct tax on line ??						
d you attach your W-2 form(s) to the left margin of your return? A	nd, did you 	eign and				
re count 1040EV and surer lont occubation:	our booklet.	If you don't				
	d you check your computations (additions, aubtractions, etc.) espectable income, Federal income tax withheld, and your refund or am d you use the amount from line 5 to find your tax in the tax table rrect tax on line 7?  d you attach your W-2 form(s) to the left margin of your return? A te Form 1040EZ and enter your occupation?  your return by April 15, 1993. Use the envelope that came with your return by April 15, 1993.	d you check your computations (additions, aubtractions, etc.) especially when table income, Federal income tax withheld, and your refund or amount you oved you use the amount from line 5 to find your tax in the tax table? Did you enter tax on line 7?  If you attach your W-2 form(s) to the left margin of your return? And, did you				

'~~ 1040EZ	Department of the Treasury—Internal Revenue Service Income Tax Return for Single Filers With No Departments	m <b>1991</b>	OMB No 1545-0
Name & address	Use the IRS label (see page 10). If you don't he Kristine K. Edwar Print your name their invital test 600 West First Strict 1600 April 1600 Apr	eet Apr m	Please print your numbers like thi 9876543210  Your social security number
	The same of the state and the cate the same of the cate the same of the cate the same of the cate the same of the cate t		48100002:
	Presidential Election Campaign (see page Do you want \$1 to go to this fund?	11) Notes Checking "Yes" will not change your last or reduce your refend	Dollars Cen
Report reur neome	Total wages, salaries, and tipe. This sho Box 10 of your W-2 form(s). (Attach your		7,702
ittoch Copy B of Form(0) V-2 here. Ittach lax	2 Taxable interest income of \$400 or less than \$400, you cannot use Form 1040E2		72
Ritach tak peyment on op of Formis: W-2 Note: You wast check Yes or No	3 Add line 1 and line 2. This is your adjust 4 Can your parents for someone else) claim Yes. Do worksheet on back; enter am No. Enter 5,550.00. This is the tote standard deduction and person	you on their return? nunt from line E here il of your	
	5 Subtract line 4 from line 3. If line 4 is la enter 0. This is your taxable income.	rger than line 3,	
igure our ex	6 Enter your Federal income tax withheld your W-2 formtal	from Box 9 of	ш,ш.п
	7 Tax. Use the amount on line 5 to find y table on pages 16-18 of the booklet. Ente table on this line.		557.90
tefund of omount	8 If line 6 is larger than line 7, subtract in This is your refund.	ne 7 from line 6	291
ou •	9 If line 7 is larger than line 6, subtract line 6 fror amount you owe. Attach your peyment for full "Internal Revenue Service." Write your name a number, daytime phone number, and "1991 Form.	n line 7. This is the amount payable to the idress, social security in 1040EZ* on it 9	
iign our oturn ieep a copy f this form	I have read this return. Under penalties that to the best of my knowledge and true, correct, and complete. Your signature	of perjury, I declare belief, the return is	For IRS Use Only Plea do not write in boxes bet
or your ecords	* 12 des A Manuelle 69	Your occupation	



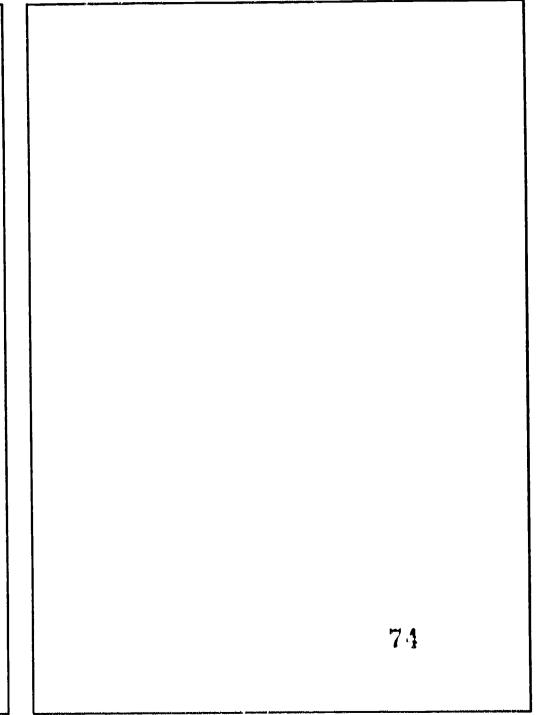


#### **Quiz Problem B3**

1040EZ	Income Tax Return for Single Filers With No Dependents m	UMB Ne 1848-0876
Name & address	Use the IRS label (see page 10) If you don't have one, please print.	Please print your numbers like this:  9876543210  Your social security number  18700023  Yes No
	Presidential Election Campaign (see page 11) Notes Chribing 'Yes' unit not relay year not or or Do you want \$1 to go to this fund?	Dollars Cents
Report your income	Total wages, salaries, and tipe This should be shown in Box 10 of your W-2 form(s) (Attach your W-2 form(s).)  1	1,300 00
Attach Copy : j of Form(s) W-2 here.	2 Taxable interest income of \$400 or less. If the total is more than \$400, you cannot use Form 1040EZ. 2	CD CP
payment on top of Form(s) W-2	3 Add line 1 and line 2. This is your adjusted gross income. 3 4 Can your parents (or someone alse) claim you on their return?	1,390,00
Note: You must check Yes or No.	Yes. Do worksheet on back; enter amount from line E here. No. Enter 5,550 00. This is the total of your standard deduction and personal exemption.	1,800.00
	5 Subtract line 4 from line 3. If line 4 is larger than line 3, enter 0. This is your taxeble income. 5	
Figure your tax	Enter your Federal income tax withheld from Box 9 of your W-2 form(s)	
	7 Tax. Use the amount on line 5 to find your tax in the tax table on pages 15-18 of the booklet. Enter the tax from the table on this line.	,5
Refund or amount	If line 6 is larger than line 7, subtrect line 7 from line 6 This is your refund.  8	$\Box$ , $\Box$
you	If line 7 is larger than line 6 eubtract line 6 from line 7. This is the amount you sive. Attach your payment for full amount payable to the "Internal Revenue Servine" Write your name, address, social security number, daytima phone number, and "1991 Form 1040E2" on it.	
Sign your return	I have read this return. Under penalties of perjury, I declare that to the best of my knowledge and belief, the return is true, correct, and complets.	For IRS Use Only—Presse do not write in besse below.
Keep a copy of this form for your	Your signature Date 1/10/92	
records.	x July I'l I'll hack Your occupation	

L991	Instructions for Form 1040EZ						
Jse this orm if	You filing status is single.     You were under 65 and not blind at the end of 1991.     You do not claim any dependents.     You had only wages, salaries, tips, and taxable scholarship or fellowship grants, and your taxable interest income was \$400 or less. Caution: If you earned tips (including allocated tips) that are not included in Box 13 and Box 14 of your W-2, you may not be able to use Farm 1040EZ. See page 12 in the booklet.  You did not receive any advance earned income credit payments.  If you are not sure about your filing status, see page 6 in the booklet. If you have questions about dependents, see Tele-Tax (topic no. 156) on page 25 in the booklet.						
Completing your return	Please print your numbers inside the boxes Most people can fill out the form by followin booklet if you received a scholarship or fellow municipal bonds. Also use the booklet if you withholdings or if you had two or more empl. Remember, you must report your wages, syour employer. You must also report all you accounts at banks, savings and loans, credit if you paid someone to prepare your return information. See page 15 in the booklet.	g the instructions on the front. But wship grant or tax-exempt interest i i received a 1099-INT showing inco- yogra and your total wages were mo- alaries, and tips even if you don't ir taxable interest income, includin t unions, etc., even if you don't get	you will have to use the necesse such as on me tax withheld (backupere than \$53.400 get a W-2 form from ganterest from savings a Form 1099-INT.				
Standard deduction	Fill in this worksheet to figure the amoundependent toven if that person chooses no	nt to enter on line 4 if someone co ot to claim you)					
worksheet	A. Enter the amoun	t from line I on front	1,800.00				
for dependents	B. Minimum amour	nt.	<b>B</b> . <u>550 00</u>				
who checked	C. Compare the ar Enter the LARG	nounts on lines A and B above. ER of the two amounts here.	c. 1,80000				
Yes" on ine 4	D, Maximum amou	nt	<b>D.</b> 3.400 00				
	Enter the SMAI and on line 4 on		E. 1.0000				
	If you checked "No" because no one ca This is the total of your standard deducti	n claim you as a dependent, enter on (3,400.00) and personal exemp	r 5,550 00 on line 4 otion (2,150 00)				
Sould Common	1. Are your name, address, and social security number on the label correct? If not, did you correct the label?						
nistakus	<ol> <li>If you didn't get a label, did you enter your name, address uncluding ZIP codes, and social accurity number in the spaces provided on page 1 of Form 1040EZ2</li> </ol>						
This checklist is to livip you	3. Uid you check the "Yes" hox on line 4 dependent on their 1991 return (even you us a dependent, did you check the	if they choose not to claim you?  "No" box?	If no one can claim				
make sure that your form is filled	4 Did you enter an amount on line 4? If the worksheet above to figure the am- enter 5,550,00?	ount to enter? If you checked the	"Nu" box. did you				
out correctly.	5. Did you check your computations (additional) taxable income. Federal income tax w	ithheld, and your refund or amou	int you owe?				
	6. Did you use the amount from line 5 to find your tax in the tax table? Did you enter the correct tax on lina 7?						
	<ol> <li>Did you attach your W-2 form(s) to the left margin of your return? And, did you sign and date Form 1040EZ and enter your occupation?</li> </ol>						
Malling your return	Mail your return by April 15, 1992. Use have that envelope, see page 19 in the bo	the envelope that came with you polite for the address to use.	r booklet. If you don't				
			<b>7</b> 2				

7 1040EZ	Department of the Tresoury—Internal Revenue Service Income Tax Return for Single Filers With No Departments	m <b>1991</b>		OMB No 1548-0675
Name & address	Use the IRS label (see page 10). If you don't have Par M Jack Son Print your name their unital hate 1400 NV cot Washing	agtori	Please print your n 98765  Your social sec	43210
	Hose oblives from his and street of the has a PD has not Bistnarck, ND 58501.  Cas toward part offer near and EIP cate of you have a fore	page () - Apt. no uga address. me page () :	98766	0001
	Please see instructions on the back. Also Form 104082 becklet.	, see the		L
***	Presidential Election Campaign (see page ) Do you want \$1 to go to this fund?	13 House Cheebing 'Yes' will not change some far or reduce some refund		
Report your income	Total wages, salaries, and tips. This shoul Box 10 of your W-2 formisi. (Attach your	ld be shown in W-2 form(s).) 1		17.
Attach Copy B of Form(a) W-2 hore. Attach tax	2 Taxable interest income of \$400 or less. If than \$400, you cannot use Form 1040EZ.	the total is more		
payment on top of Formis: W-2.	3 Add line 1 and line 2. This is your adjusted 4 Can your parents (or someone class) claim y	ed green income. 3	$\Box$ , $\Box$	
Note: You must check Yes or No.	Yee. De worksheet en back; enter amor	unt from line & here of your	$\Box$ , $\Box$	
	Subtract line 4 from line 3. If line 4 is larenter 0. This is your taxable income.	ger than line 3,	$\Box$ , $\Box$	
Figure your tax	En'ar your Federal income tax withheld f your W-2 form(a).	$\Box$ , $\Box$		
	7 Tax. Use the amount on line 8 to find yo table on pages 15-18 of the booklet. Enter table on this line.	$\square$ , $\square$		
Refund er amount	If line 6 is larger than line 7, subtract lin This is your refund.	e 7 from line 6.		
owe	9 If hoe 2 is larger than line 6, subtract line 6 from amount you own. Attach your payment for full "Internal Revenue Service. Write your name, add number, d-ytime phone number, and "1901 Form	line 7 This is the imount payable to the iross, social security 1640EZ" on it. 8		Ш.Ш
Sign your return	I have read this return. Under penalties that to the best of my knowledge and i true, correct, and complete.	of perjury, I declare polici, the return is	<b></b>	
Keep a cepy of this form	Your signature	Date		7777
for your records	x Cattle Jackson	Your occupation	1 p-	سا الساء الساء الد سا الساء الساء الد
	73			





#### Quiz Problem B5

1040EZ	Income Tax Return for Single Filers With No Dependen	nts m 1991	<del>-</del>	OM8 No. 15
Nam: & addres:s	Use the IRS label (see page 10) If you don	Project 1 V Seed one people 15 to	Please print your n 98765  Your social sec	4321
	Please see instructions on the back. Form 19408Z booklet.	Also, see the		1
	Precidential Election Campaign (see a Do you want \$1 to go to this fund?	page []) Note: Chrising "Yre" will not change over los or reduce your refund.		
Report your Income	1 Total wages, salaries, and tips This Box 10 of your W-2 form(s), (Attach)	should be shown in your W-2 form(s).) 1		
Attach Copy B of Form(a) W-2 hore. Attach tax	2 Taxable interest income of \$400 or le than \$400, you cannot use Form 104			<b>1</b> 1.C
payment on top of Form(s) W-2	3 Add line & and line 2. This is your ad	ljusted grass income. 3		
Note: You must check Yes or No.	4 Can your parents (or someone else) cl. Yes. De werksheet en back; enter Ne. Enter 5,550.00. This is the standard deduction and per	nameunt from line E here. total of your	$\Box$ , $\Box$	<b>]</b> .[
<u> </u>	Subtract line 4 from line 3. If line 4 enter 0. This is your taxable income.			
Figure year tax	Enter your Pederal income tax with your W-2 formis).	neld from Box 9 of		<b>D</b> .[
	7 Tax. Use the amount on line 8 to fitable on pages 18-18 of the booklet. I table on this line.			$\square$ .[
Refund or amount	If line 6 is larger than line 7, subtra This is your refund.	ct line 7 from line 6.		
ome	If lose 7 is larger than hise 6, subtract line i amount you own. Allach your payment he "Internal Revenue Bervice." Write your nam number, daytime phone number, and 1191.	B from line 7. This is the r full emount payable to the ie, address, sectal servicity Form 1040EZT on it		<b>1</b> ].[
Sign your return	I have read this return. Under penal that to the best of my knowledge stru-, correct, and complete.	ties of perjury, I declare and belief, the return is	-	
Keep a sepy of this force for your	Your signature	Dete		
recerds.	X	Your corupation		חחר
	<u>م</u> م بس		i	J
<u> </u>	et and Paperwark Reduction Act Notice, so		Cat Na 11220W FC	vn 1040EZ (

1991	A Varia Olive status to state	e Van mans wader de and mad	blind at the	and of 1004				
Vse this form if	<ul> <li>You were under 65 and not blind at the and of 1991.</li> <li>You do not claim any dependents.</li> <li>You had only wages, salaries, tips, and taxable income (line E) is less than \$50,000.</li> <li>You had only wages, salaries, tips, and taxable scholarship or fellowship grants, and your taxable increast income was \$400 or less. Cautions If you earned tips (including allocated tips) that are not included in Box 13 and Box 14 of your W-2, you may not be able to use Form 1040EZ. See page 12 in the booklet.</li> </ul>							
	You did not receive any advance earned income credit payments.							
	If you are not sure about your filing status, see page 6 in the booklet. If you have questions about dependents, see Tele-Tax (topic no. 155) on page 25 in the booklet.							
	is a can't use this form, see Tele-Tax	(topic no. 152) on page 25 in the	booklet.					
Completing your return	Please print your numbers inside the box Most people can fill out the form by follow hooklet if you received a scholarship or fel municipal hoods). Also use the booklet if y withholding) or if you had two or more em	ring the instructions on the front. I lowship grant or tax-exempt intervious received a 1099-INT showing it sployers and your total wages were	But you will i set income (se scome tax wi score than 1	have to use the ach as on thheld (backup 1631,400.				
	Remember, you must report your wages, salaries, and tips even if you don't get a W-2 form from your employer. You must also report all your tauable interest income, including interest from savings accounts at banks, savings and loans, credit unions, etc., even if you don't get a Form 1099-INT.							
	If you paid someone to prepare your return, that person must also sign it and show other information. See page 15 in the booklet.							
Standard deduction	Fill in this worksheet to figure the amodependent (aven if that person chooses	ount to enter on line 4 if someon not to claim you).	e can claim	you as a				
workshoot	A. Enter the amo	A						
for dependents	B. Minimum amo	B	550.0					
who checked	C, Compare the Enter the LAS	). C	C					
"Yoo" on Han 4	D, Maximum am	ount.	D	8,400.00				
		amounts on lines C and D above ALLER of the two amousts here						
	If you checked "No" because no one of This is the total of your standard dedu	can claim you as a dependent, or	nter 5,660.0	0 on line 4.				
Aveld	I. Are your name, address, and social security number on the label correct? If not, did you							
common mistakos		If a label, did you enter your name, address (including ZIP code), and social in the spaces provided on page 1 of Form 1040EZ?						
This checklist is to help you	3. Did you check the "Yes" box on line 4 if your parents (or someone else) can claim you as a dependent on their 1991 return (even if they choose not to claim you? If no one can claim you as a dependent, did you check the "No" box?							
make sure that your form is filled	4. Did you enter an amount on line 4? If you checked the "Yee" box on line 4, did you fill out the worksheet whove to figure the amount to enter? If you checked the "No" box, did you enter (.867.00?							
out correctly.	5. Did you chook your or imputations (additions, subtractions, etc.) sepecially when figuring your taxable income, Federal income tax withheld, and your refund or amount you owe?							
	6. Did you use the annual from lime i correct tax on line ??							
	7. Did you attach your W-2 form(s) to date Form 1040EZ and enter your		And, did you	eign and				
Malling your return	Mail your return by April 15, 1802. U have that envelope, see page 19 in the		your booklet	, If you don't				

LO40EZ	Department of the TresouryInternal Revenue Service Income Tax Return for Single Filers With No Departments	m <b>1991</b>	OMB No 1845-0878
Name & address	Use the IRS label (see page 10). If you don't have Vallaying Control  Print your same iffert invital lears  1/20 Scffer Scrify  Home address requirement if the bern a P.O. ben are  Atlanta GA 3030  Cay seem or pain after add if you have a fee.	ann III Api ne	Please print your numbers like this: 9876543210  Your social security number 000000000000000000000000000000000000
	Please see instructions on the back. Also Form 1046RZ booklet.	), see the	
	Presidential Election Campaign (see page Do you want \$1 to go to this fund?	11) Nates Cherbing 'Ver' will not change were for ar reduce year refund	X
Report your incume	1 Total wages, salaries, and tips. This shou Box 10 of your W-2 form(s). (Attach your	ld be shown in W-2 form(s).) 1	3,101.19
Attach Copy B . Form(e) W-3 horo. Attach tax	. Taxable interest income of \$400 or less. I than \$400, you cannot use Form 1040EZ.	f the total is more	
payment on lop of Form(#) W-2	Add line 1 and line 2. This is your adjust     Can your parents for someone else) claim;	you on their return'	3,472.50
Note: You must check Yes or No.	Yes. Do worksheet on back; enter ame No. Enter 5.550.00. This is the total standard deduction and persons	l of your	8,100,00
	Subtract line 4 from line 3. If line 4 is la enter 0. This is your taxable income.	rger then line 3,	. ,
Figure your tax	Enter your Federel income tax withheld your W-2 form(s)		
	7 Tax. Use the emount on line 5 to find y table on pages 16-18 of the booklet. Ente table on this line.	r the tax from the	
Refund or amount	8 If line 6 is larger than line 7 subtract line This is your refund.	ne 7 from line 6.	
owe	9 If line 7 is larger than line 8, subtract line 8 fror amount you own. Attach your payment for full 'Internal Reviewe Service' Note your name, ad number, daytime phone number, and '1891 Forn	. O,OOO.OO	
Sign your	I have read this return. Under penalties that to the best of my knewledge and true, correct, and complete.	of perjury, I declar	
roturn Keep a copy of this form	Your eignature	Your occupation	
for your records	x 11 12 / 1/150	1001 occubación	
	1 (		

991	Instructions for Form 1040EZ								
Jae this orm if	Your filing statua is single.     You were under 65 and not blind at the et. if 1991.     You do not claim any dependents.     You had only wages, salaries, tipe, and taxable scholarship or fellowship grants, and your taxable interest income was \$400 or less. Caution: If you earned tips (including allocated tips) that are not included in Box 13 and Box 14 of your W-2, you may not be able to use Form 10408Z. See page 12 in the booklet.								
	You did not receive any advancy earned income credit payments.								
	If you are not sure about your filing status, see page 6 in the booklet. If you have questions about dependents, see Tele Tax (topic no. 155) on page 25 in the booklet.								
	If you can't use this form, see Tele-Tax (topic no. 152) on page 25 in the booklet.								
Completing your return	Please print your numbers inside the boxes. Do not type your numbers. Do not use dollar signs Most people can fill out the form by following the instructions on the front. But you will have to use the booklet if you received a scholarship or fellowship grant or tax-exempt interest income (such as on municipal bonds). Also use the booklet if you received a 1099-INT showing income tax withheld (backup withholding) or if you had two or more employers and your total wages were more than \$53,400.								
	Remember, you must report your wages, salaries, and tips even if you don't get a W-2 form from your employer. You must also report all your tazable interest income, including interest from savings accounts at banks, savings and loans, credit unions, etc., even if you don't get a Form 1099-INT.								
	If you paid someone to prepare your return, that pe information. See page 15 in the booklet.	rson must also sign it and show o	ther 						
deduction worksheet for dependents who checked	Fill in this worksheet to figure the amount to en dependent (even if that person chooses not to cla	im you).							
	A. Enter the amount from	ine 1 on front. A	3.467.00						
	B. Minimum amount.	В	550.00						
	C, Compare the amounts Enter the LARGER of t	he two amounts here. C	3.967.00						
"Yes" on line 4	D. Maximum amount.	D,	3,400.00						
inie -	E. Compare the amounts Enter the SMALLER of and on line 4 on front.	on lines C and D above. the two amounts here E	3,400.00						
	If you checked "No" because no one can claim This is the total of your standard deduction (3,40	you as a dependent, enter 5,650 00.00) and personal exemption (2	.00 on line 4. !,150.00).						
Avoid	Are your name, address, and social security recorrect the label?								
mistakes	2. If you didn't get a label, did you enter your n security number in the spaces provided on page 1.	ame, address (including ZIP cod- ge 1 of Form 1040EZ?	e), and social						
This checklist is to help you	3. Did you check the "Yes" box on line 4 if your parents (or someone else) can claim you as a dependent on their 1991 return (even if they choose not to claim you)? If no one can claim you as a dependent, did you check the "No" box?								
make sure that your form is filled	4. Did you enter an amount on line 4? If you checked the "Yes" box on line 4, did you fill out the worksheet above to figure the amount to enter? If you checked the "No" box, did you enter 5,550.00?								
out correctly.	5. Did you check your computations (additions, subtractions, etc.) especially when figuring your taxable income, Federal income tax withheld, and your refund or amount you owe?								
	6. Did you use the amount from line 8 to find your tax in the tax table? Did you enter the correct tax on line ??								
	<ol> <li>Did you attach your W-2 form(a) to the left n date Form 1040EZ and enter your occupation</li> </ol>	nargin of your return? And, did ; !?	ou sign and						
Malling your return	Mail your return by April 18, 1992. Use the en have that envelope, see page 19 in the booklet f	velope that came with your book or the address to use.	let, if you don't						

#### **Quiz Problem C1**

1040A	U.S. Individual Income					
	Tax Return (1)		1991		,	OMB No. 1545 O
Step 1	Your first name and soutial		Last rame		Your	ocial security me.
abol	11 11		1 1 1			e's social socurity so
See page 16 1 A B Jee the IRS E	If a joint return operate a first name and	metal	Last nemr		-	
abel t	Home address inumber and street olf yes	u harra PO bas a	ee page 16 :	Apt no		
elease print E	304 / /			<u></u>		Privacy Act I Paperwork
F (794). R	City, town or past office, state and EIP re	nda i If you bave o fi	ursign oddriae, mae page (6 i .;)			duction Act lice, see page 3.
_	Presidential Election Car		<del></del>			in: Checking "Yes"
	Do you want \$1 to go to th	hie fund?		Yes []	No wil	not change your
	If joint return, does your ap	ouse want \$	I to go to this fun	d? 📋 Yes 💭	No or	educe your refund
Step 2	1 Single					
Check your	2 Married filing joir	it return (ev	en if only one ha	d income)	number	
Ming status	3 Married filing sep above and apouse			BOCISI BECUITY	ilumber .	
Check only one I	4 Head of household	d (with qual	ifying person). (S	ee page 18.) If	the qualif	ying person is s
	child but not your	r dependent.	enter this child's	i nama here 🕨	·	
	6 [] Qualifying widow	(er) with dep	pendent child (ye	ar spouse died	▶ 19	). (See page 18
PAGE 2	60 D Yourself, If your pers	nt for someone (	elec) can c'aum you as a	dependent on his	er her tax	No. of bosse
Step 3 Neuro your	return, de n	ot check box 6a.	But be sure to check (	the bes on line 16b	on page 2.	the said th
xemptions	b Brouse	(B) Check	(B) If you I are abbus	(4) Dependent's	(S) No of march	No. of your children on
See page 20 I	C Dependents: (1) Name (first, muta), and last n	of under	(B) If age 1 or older, dependent's actial security number	(4) Dependent's relationship to you	lived in your house in 1901	ge myn Gringson on
	(1) Frazz (1116, 1000), 24 144 1	-	: :			o lived with you
f more than even						e didn't live
lapondonis, los page 23.			<del></del>		<b></b>	with you due to diverse or
	.— — · · · · · · · · · · · · · · · · · ·		<del> </del>	<del></del>		. separation (see page 26)
						•
				I	L	No. of other dependents listed on the
	d If your child didn't					Add numbers 7
				~ ₽		amiarad an
	dependent under a p			• • • • •		Huse shere L.
	a Total number of exer	mptiona clair	med.			Huas above
•		mptions clair , etc. This sl	med. hould be ahown i			Heat above L
Figure your	a Total number of exer 7 Wages, salaries, tips W-2 form(s). (Attach 8s Taxable interest inc	mptions claim , etc. This sl Form(s) We come (see pa	med. hould be shown i 2.)	n Box 10 of yo	ur 7	Hada abova
Figure your	a Total number of exer Wages, salaries, tips W-2 form(s). (Attach Sa Taxable interest inc and attach Schedule	mptions clair , etc. This al Form(a) W- come (see pa 1, Part I.)	med. hould be shown i 2.) ge 26). (If over \$	n Box 10 of yo	ur 7	Hase above
Figure your total income	a Total number of exer Wages, salaries, tips W-2 form(s). (Attach 8s Taxable interest inc and attach Schedule b Tax-exempt interest. (I	mptions claim, etc. This slaw. Form(s) W- come (see ps. 1, Part I.) DO NOT inc.	med. hould be shown in 2.) ge 26). (If over \$- ide on line 8s.) 8	n Box 10 of yo	ur 7	Huas above
Figure your total income  Attach Copy 8	a Total number of exer Wages, salaries, tips W-2 form(s). (Attach Sa Taxable interest inc and attach Schedule	mptions claim, etc. This slaw. Form(s) W- come (see ps. 1, Part I.) DO NOT inc.	med. hould be shown is 2.) ge 26). (If over \$ side on line 8a.) 8 plete and attach \$	n Box 10 of yo	ur 7 plete 8a   t   11.) 9	Нива авече
Figure your total income  Attach Copy B of your Forms W-8 and 1000-11	a Total number of exer Wages, salaries, tips W-2 form(s). (Attach Ba Taxable interest inc and attach Schedule b Tax-exempt interest. (1) Dividends. (if over \$4 10a Total IRA distributions. 10	mptions claim, etc. This all Form(a) W- come (ase part 1) DO NOT inc. 00, also comp	med. hould be shown is 2.) ge 26). (If over \$- ide on line 8a.) 8 plete and attach \$- 10b	n Box 10 of yo 400, also comp b ichedule 1, Par Taxable amo (see page 27)	ur 7 plete 8a t II.) 9 unt 10b	
Figure your total income  Attach Copy B of your Forms W-8 and 1000-11	a Total number of exer  7 Wages, salaries, tips W-2 form(s). (Attach 8 Taxable interest inc and attach Schedule b Tax-exempt interest (I Dividenda (If over \$4 10a Total IRA distributions. 10 11a Total pensions	mptions clair, etc. This sl Form(a) W- come (see pa 1, Part 1) DO NOT inc. 00, also comp	med. hould be shown is 2.) ge 26). (If over \$- ide on line 8a.) 8 plete and attach \$- 10b	b ichedule i, Par Taxable amo (see page 27)	2 10b	
Figure your total income  Attach Copy 8 of your Forms W-8 and 1000-8 here.	a Total number of exer  7 Wages, salaries, tips W-2 form(s). (Attach 8s Taxable interest inc and attach Schedule b Tax-exempt interest. (I 9 Dividends. (If over \$4 10s Total IRA distributions. 10 11s Total pensions and annuities. 11	mptions clair, etc. This all Form(a) W- come (see pa 1, Part I.) DO NOT inc. 00, also comp	med. hould be shown is 2.1 ge 26). (If over \$ ide on line 8a.) 8 plete and attach \$ 106	b lichedule 1, Par Taxable amo (see page 27) Taxable amo (see page 27)	vr 7 plete 8a t 11.) 9 unt 10b unt 11b	
Figure your total income  Attach Copy B of your Forms Will and 1800-B here.  Attach theck or money order on top of any Forms	a Total number of exer  7 Wages, salaries, tips W-2 form(s). (Attach 8s Taxable interest inc and attach Schedule b Tax-exempt interest. (1 9 Dividends. (if over \$4 10s Total IRA distributions. 10 11s Total pensions and annuities. 11 12 Unemployment comp	mptions clair, etc. This all Form(a) W- come (see pa 1, Part I.) DO NOT inc. 00, also comp	med. hould be shown is 2.) ge 26). (If over \$ ide on line 8a.) 8 plete and attach \$ 106  11b	b lichedule 1, Par Taxable amo (see page 27) Taxable amo (see page 27)	vr 7 slete 8a t 11.) 9 unt 10b unt 11b	
Figure your total income  Attach Copy 8 of your Forms W-8 and 1000-8 here.  Attach rheck or money order on top of any Forms	a Total number of exer  7 Wages, salaries, tips W-2 form(s). (Attach 8s Taxable interest inc and attach Schedule b Tax-exempt interest. (I 9 Dividends. (If over \$4 10s Total IRA distributions. 10 11s Total pensions and annuities. 11	mptions clair, etc. This si Form(s) Wicome (see pa 1, Part I) DO NOT inc. 100, also com	med. hould be shown is 2.) ge 26). (If over \$ ide on line 8a.) 8 plete and attach \$ 106  11b	b bichedule 1, Par Taxable amo (see page 27) Taxable amo (see page 27) Taxable amo (see page 27)	vr 7 plete 88 t II.) 9 unt 10b unt 11b	
Figure your total income  Attach Copy B of your Forms Will and 1800-B here.  Attach theck or money order on top of any Forms	a Total number of exer  7 Wages, salaries, tips W-2 form(s). (Attach 8a Taxable interest inc and attach Schedule b Tax-exempt interest (I 9 Dividends. (If over \$4 10a Total IRA distributions. 10 11a Total pensions and annuities. 11 12 Unemployment comp 13a Social security benefits. 13	mptions clair, etc. This si Form(s) Wome (see pa 1, Part 1) DO NOT inc. (00, also compare a pensation (in a pensation (in a see passion (i	med. hould be shown is 2.) ge 26). (If over \$ ide on line 8a.) 8 plete and attach \$ 10b  11b haurance) (rom Fo	bichedule i, Par Taxable amo (see page 27) Taxable amo (see page 37) Taxable amo (see page 31)	vr 7 plete 88 t II.) 9 unt 10b unt 11b	
Figure your total income Attach Copy B of your Forms Will and 1800-R here. Attach theck or money order on top of any Forms W-2 or 1099-R.	a Total number of exer  7 Wages, salaries, tips W-2 form(s). (Attach 8s Taxable interest inc and attach Schedule b Tax-exempt interest. (1 9 Dividends. (If over \$4 10a Total IRA distributions. 10 11a Total pensions and annuities. 11 12 Unemployment comp 13a Social security benefits. 13	mptions clair, etc. This si Form(a) William (see pa 1, Part I.) DO NOT inc. 00, also compensation (in pensation (in a b (far right column))	med. hould be shown is 2.) ge 26). (If over \$ ide on line 8a.) 8 plete and attach \$ 106 11b isurance) from Fe 13b	b ichedule 1, Par Taxable amo (see page 27) Taxable amo (see page 27) Taxable amo (see page 31) Taxable amo (see page 31)	vr 7 plete 88 t II.) 9 unt 10b unt 11b	
Step 4 Figure your total income Atlach Copy 8 of your Forms W-8 and 1800-R here. Atlach rheck or money order on the pof Any Forms W-2 or 1095-R.  Step 5	a Total number of exer  7 Wages, salarica, tips W-2 form(s). (Attach 8s Taxable interest inc and attach Schedule b Tax-exempt interest. (1 9 Dividends. (if over \$4 10a Total IRA distributions. 10 11a Total pensions and annuities. 11 12 Unemployment comp 13a Social security benefits. 13 14 Add lines 7 through 13 18a Your IRA deduction f	mptions clair, etc. This all Form(a) W. Form(a) W. Form(a) W. Form(a) W. Form(a) W. Form(a) NOT inc. 100, also compensation (in a) to (far right coloron applicable of the color of the col	med. hould be shown is 2.1 ge 26). (If over \$ ide on line 8a.) 8 plete and attach \$ 106  11b hsurance) from Fe 13b	b ichedule 1, Par Taxable amo (see page 27) Taxable amo (see page 27) Taxable amo (see page 31) Taxable amo (see page 31)	vr 7 plete 88 t II.) 9 unt 10b unt 11b	
Figure your total income  Attach Copy B of your Fermie W-B and 1800-R here.  Attach rheck or money order on top of any Fermi W-2 or 1095-R.  Step 5 Figure your	a Total number of exer  7 Wages, salaries, tips W-2 form(s). (Attach 8a Taxable interest inc and attach Schedule b Tax-exempt interest (1 9 Dividenda (if over \$4 10a Total IRA distributions. 10 11a Total pensions and annuities. 11 12 Unemployment comp 13a Social security benefits. 13 14 Add lines 7 through 13l 18a Your IRA deduction b Spouse's IRA deduction b Spouse's IRA deduction sheet. Note: Rules for	mptions clair, etc. This all Form(a) W- come (see pa 1, Part 1) DO NOT inc. 00, also com a pensation (in a to (far right col on from applicab on from applicab on from applicab on from applicab	med. hould be shown is 2.) ge 26). (If over \$ ide on line 8a.) 8 plete and attach \$ 10b  11B  issurance) from Fo 13b  lumn). This is your ble worksheet. 15 licable work- a page 33. 16	b chedule 1, Par Taxable amo (see page 27) Taxable amo (see page 27) Taxable amo (see page 31) Taxable amo (see page 31) total income.	vir 7 plete 8a t il.) 9 unt 10b unt 12 unt . 13b	5 1/1
Figure your total income  Attach Copy B of your Forms W-B and 1880-R here.  Attach theck or menty order on top of any Fernis W-2 or 1099-R.  Step 5	a Total number of exer  7 Wages, salaries, tips W-2 form(s). (Attach 8a Taxable interest ins and attach Schedule b Tax-exempt interest. (I 9 Dividends. (If over \$4  10a Total IRA distributions. 10  11a Total pensions and annuities. 11  12 Unemployment comp  13a Social security benefits. 13  14 Add lines 7 through 13  15a Your IRA deduction f b Spouse's IRA deducts	mptions clair, etc. This si Form(a) W come (see pa 1, Part I ) DO NOT inc. 00, also compa a pensation (in a pensation (in a pensation application from applic	med. hould be shown i 2.) ge 26). (If over \$ ide on line 8a.) 8 plete and attach \$ 10b  11b  issurance) from F 13b  issurance) from F issurance it is it is your le worksheet. It it is your page 33. It is a your total adj	b b chedule 1, Par Taxable amo (see page 27) Taxable amo (see page 27) Taxable amo (see page 31) total income.	vr 7 plete 8a t il.) 9 unt 10b unt 12 unt 12 unt 13b	) 1/1.

<u>1991</u>	<u>For</u>	m 104	OA								Tage
itep 6	17	Enter th	e amount	from line 16	·				17	3,315	ļ
•	180	Check 1	☐ You we	re 65 or older	☐ Blind	Enter num	ber of				
		if. ]	[] Spouse	was 65 or old	er 🔲 Blind 🛚	boxes chec	ked ► 18a				
	ь			omeone else)				_			
	c			filing separated							
igura your tandard	19	But if	rou check	rd deduction	on line l	Be or b, go	to page 37 t	0			
leduction,			\$3,400	d deduction.	f household		BUJ BINDE TO				
		•		ointly or Qua		- •	700				ı
		• Marri	ed filing a	eparately—\$	2,850				19	100	<u> </u>
	20	Subtrac	t line 19 fr	om line 17. (1	fline 19 is	more than li	ne 17, enter	-0)	20	415	<del> </del>
examption smount, and	21	Multiple	\$2,150 by	the total nu	mber of exe	mptions clair	med on line (	ie	21	-	
axabie		Subtract	line 21 fro	m line 20. (lf l					•••		
ncoma Step 7	23		our taxable e tax on t	e income. he amount o	n line 22. C	heck if fron	1;		22	1:	1
Repare your	-			ges 44–49) o d dependent			ge 39)	Τ-	23		<u>L</u> .
ax, credits,	248			a dependent ach Schedule							
eyments	b			orly or the di		24b					
Tyou want the	c	Add lin	es 24a and	ach Schedule 1 24b. These	are your to	otal credita	<u></u>		24c		1
RS to fign a rour tax, wee	25	Subtract	line 24c fr	om line 23. (1	line 24c is	<u>more than lin</u>	<u>ie 23, enter -0</u>	·.)	25		
he instructions or line 22 on	26 27			ncome credit 26. This is y			W·3.	<b>—</b>	<del>26</del> 27	. /3	1
sage 38		Total F	ederal inc	ome tax with	held. (If a	n <b>y</b>	13/				
				e) 1099, check payments				<del> </del>			
	•	applied	from 1990	return.		28b					
	C		<b>income</b> Schedula I	<b>credit.</b> Com	plete and	20.		ļ			
	4			b, and 28c. T	hese are y	our total pe	yments.	<u> </u>	28d	131	(
Step 8	29			than line 27		ne 27 from l	ine 28d.		29		١.
Figure your		This	rue amoun	t you overpa	10.						-
refund or amount you	30			you want ref					30	·	
DW4	31		t of line 29 st <b>imated t</b>	you want ap	plied to yo	<b>xur</b> 31					
Attach check or	32	If line 2	7 in more ti	nan ine 28d, e	ubtract line	28d from lin	e 27. This is	the			
money stder on lop of Fintso(s)		<b>AMOUN</b>	you ows.	A ach check	or money or	der for full a	mount peyabl	e to			ı
W-2, etc., on page 1.				nue Service." V hone number,				• 7	32		1
	33							I			
Step 9	Under pen and belief,	alues of pery they are tru	ury,   declare t e, correct, and	alty (see page het I have examine complete. Declare	ed this is 'som as Lion of propers	në sotompanying - Lother than the t	axpayer: 10 bases	on all t	nformali	en of which the	bi sbei
محمد بشعد	Your	ANTI-ALUTE				Date	Your occupe	Lion			
<b>return</b> Keep a copy of	7 4	(4 A4 +	4.4.	11,44		4/10/91		L			
this return for your records.	) <sup>8</sup>	e's signature	lif pent retur	n, BUTS must big	n)	Dete	Speuse's rot	nha ma			
Paid	Proparer's signature	<u> </u>				Date	Chyck of		Prepar	er's social secur	nty no
properer's		o (or yours	<u> </u>			L	B I No	السيه			
use enly	if and and	leyed: and					ZIP red		~		

form 1040A)	Interest and Dividend Income for Form 1040A Filers m 1991		OMB No. 184	S-006
ample) shown on Fe	Thomas	441.4	00,00	<u> </u>
art I	Complete this part and attach Schedule 1 to Form 1040A if:			
tereet come	<ul> <li>You have over \$400 in taxable interest, or</li> <li>You are claiming the exclusion of interest from series EE U.S. saving the exclusion or you received, as a nominee, interest from series EE U.S.</li> </ul>	ge bonde is terest that	aued after	1989
iee pages 26 id 50.)	belongs to another person, see page 50.  Note: If you re sived a Form 1009-INT, Form 1099-OID, or substitution brokerage firm, enter the firm's name and the total interest si	tute staten rown on th	sent, from c at form.	2
	1 List name of payer		Amount	
	National Bank	1	475	10
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	2 Add the amounts on line 1. 3 Enter the excludable savings bond interest, if any, from Form 8815, line 14. Attach Form 8815 to Form 1040A.	3	117	†-
	Subtract line 3 from line 2. Enter the result here and on Form 1040A, line 8a.	4	475	0
Part il Dividend ncome	Complete this part and attach Schedule 1 to Form 1040A if you received If you received, as a nominee, dividends that actually belong to an Note: If you received a Form 1099-DIV, or substitute statement, fruith, firm's name and the total dividends shown on that form.	iother pere	on, see pap	ze fi
See pages 26	5 List name of payer		Amount	
nd 51 )		5		ļ
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	6 Add the amounts on line 5. Enter the total here and on Form	<del> </del>	· _ · · ·	+-
	1040A, line 9.	6		- 1

#### **Quiz Problem C1**

Standord Deduction Chart for		on Chart for People Age 66 or u as a dependent, uso the work	
People Age 65 or Older	Enter the number from the on line 18a of Form 1040A.		n Do not use the numbe tions from line 6e.
or Blind	if your filing etatus ic:	and the number in the box above is:	enter on Form 1040A, line 19:
	Single	1 2	\$4,250 \$5,100
	Married filing a joint naturn or or Qualifying widew(er) with dependent child	1 2 3 4	\$6,350 \$7,000 \$7,650 \$8,300
	Married filing a separata return	1 2 3 4 4	\$3.500 \$4,150 \$4,800 \$5,450
	Head of household	1 2	\$5,650 \$6,700
Standard Deduction Worksheet for Dependents	Standard Deduction \ Use this worksheet	Worksheet for Dependents (ke ONLY if someone can claim yo	ep for your records) u as a dependent.
	1. Enter the amount from Form	1040A, line 7, If none, enter -0	1. 2,900
	2. Minimum amount.		550.00
	<ol> <li>Compare the amounts on line two amounts here.</li> </ol>	es 1 and 2. Enter the larger of the	3. 2,900
	<ul> <li>Single, enter \$3,400</li> <li>Married fling a separate</li> </ul>	rn, or qualifying widow(er) her \$5,700	4. 3,400
	the two amounts here. If	in lines 3 and 4. Enter the emailler of f under 65 and not blind, stop here in Form 1040A, line 19. Otherwise, go	
	joint or separate return,	nulipty \$850 (\$650 if married filing a or qualifying widow(er) with number on Form 1040A, line 18a	5b.
	<ol> <li>Add lines 5a and 5b En 1040A, line 19.</li> </ol>	ter the total here and on Form	5c.

82



True both same and month   Law same   Veur sectal security as.   See ages 18.   If the path state   If and more any space in the same and moth   Law same   If and more any space in the same and moth   If any	need See page 16 2   1   1   1   1   1   1   1   1   1	To post cream appears to first need and individual from address number and street all you have to state and 217 male. If you want \$1 to r= to his fount return, does or apouse 1. Single 2. Married filing separa above and apouse's further defined of household (worked by the street of	fyse hare is free hare fund?  e want \$  eturn (event surit qualipendent, with dependent, funder fund	from oderso on page 16.  f (see page 17)  I to go to this fun en if only one ha  Enter apouse'a here  fying person). (S enter this child's enter this child's enter this child's is to be	Yes Ad? Yes Add income, social security a name here ar spouse died a dependent on his box on line 186	For and Red Not! No will No or re y number  f the qualify    No or her tax on page 2	ra social security no.  Privacy Act Paperwork uction Act lee, see page 3.  i: Checking "Yes" not change your to duce your refund.  Ing person is a  ). (See page 19.)  No. of bosse checked on to and your children on the whot of tired with you of do't live
Transmission   Tran	re page 18.7  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re the IRS  re page 20.1  re page 20.1  re page 20.1  re page 20.1	To pent return speeds a first seek and industrial flower address number and street all you have residential Election Campa to you want \$1 to en to this figure feturn, does your apouse 1. Single 2. Married filing separa above and apouse's further of the figure for the filing separa above and apouse's further of the figure filing widow(er).  4. Qualifying widow(er).  5. Yourself, If your parent for return, do not che to Dependents:	lyse have be light Fund?  e want \$ eturn (evale return all name with dual pendent, with depute seck box 6a	is (see page 17)  I to go to this fun en if only one ha Enter apouse'a here fying person). (S' enter this child'y endent child (ye lee can clarm you as But be sure to check  [3] If age 1 et older- dependent's ortal	Yes Ad? Yes Add income, social security a name here ar spouse died a dependent on his box on line 186	For and Red Notil No will No or re	Privacy Act Paperwork uction Act lee, see page 3. in change your lo duce your refund.  Ne. of bases cheched on the and your children on the who the with the of the see the checked the ch
History definition   Provided National Company   Provided National Provided National Company   Provided National Company   Provided National Company   Provided National Company   Provided National Na	re the IRS believes. The revise. The revise. The revise print of t	residential Election Campa ny you want \$1 to m to this f joint return, does or apous Married filing separa above and apouse's fu Head of household (w child but not your de; Qualifying widow(er)  Yourself, If your parent for return, do not ch b [] Spouse C Dependents:	lyse have be light Fund?  e want \$ eturn (evale return all name with dual pendent, with depute seck box 6a	is (see page 17)  I to go to this fun  en if only one ha  Enter apouae'a  here b  fying person). (S  enter this child'  bendent child (ye  last tan claim you as  But be sure to check i  (3) If age 1 or older.	Yes Ad? Yes Add income, social security a name here ar spouse died a dependent on his box on line 186	No will No or re	Paperwork uction Act loc, see page 3. e: Checking "Yes" not change your lo duce your refund  ing person is a  ). (See page 19.)  Nu. of boxes cheched on the and the No of your children on the whot live with you didn't live
Topic   Presidential Election Campaign Fund (see page 17)   Dr you want \$1 to r to 'this fund'?   Yes   No from the past with a state and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff make iff yes here sharped states and iff yes here yes yes yes yes yes yes yes yes yes ye	Property of the page 23 top 3	Tresidential Election Campa in you want \$1 to m to this f joint return, does	lign Fund fund? e want \$ eturn (evalue return ul) name vith quali pendent, with dej e someone e seck bos 6a	is (see page 17)  I to go to this fun  en if only one ha  Enter apouae'a  here b  fying person). (S  enter this child'  bendent child (ye  last tan claim you as  But be sure to check i  (3) If age 1 or older.	Yes Ad? Yes Add income, social security a name here ar spouse died a dependent on his box on line 186	No will No or re	Paperwork uction Act loc, see page 3. e: Checking "Yes" not change your lo duce your refund  ing person is a  ). (See page 19.)  Nu. of boxes cheched on the and the No of your children on the whot live with you didn't live
Presidential Election Campaign Fund (see page 17)	Pr Dr. Pr	residential Election Campa n you want \$1 to m to 'his f joint return, does we spous 2	e want \$ eturn (events return (events return) it name with qualipendent, with dependent to be to	en if only one han. Enter apouse's here fying person). (Senter this child's bendent child (years to be the child in the ch	d? Yes Card income, social security lee page 18.) If a name here ar spouse died a dependent on his the box on line 186	No will No or re  y number  f the qualify  or her tax on page 2	inction Act les, see page 3. e; Checking Yes" not change your to duce your refund.  ing person is 8.  ). (See page 19.)  No. of boxes checked on the and your children on the whot with you  of do't live  of do't live
Presidential Election Campaign Fund (see page 17) Do you want \$1 to r to 'his fund? If joint return, does,' a spouse want \$1 to go to this fund? If joint return, does a' a spouse want \$1 to go to this fund? If joint return, does' a spouse want \$1 to go to this fund? If joint return, does' a spouse want \$1 to go to this fund? If you want \$1 to r reduce your refund for reduce your refund for stahs.    Single   Married filing joint return (even if only one had income)   Married filing separate return. Enter apouse's social security number above and apouse's full name here be child but not your dependent, enter this child's name here be child but not your dependent, enter this child's name here be child but not your dependent, enter this child 'year apouse died be 19   (See page 19.)   Spouse completes the page 19.   (See page 19.)   (See page 19.)	top 2 1 hock your ling status 3 hock only one 1  top 3 6 kep 3 6 kep 3 6 kep 3 7 kep 3 7 kep 3 7 kep 3 7 kep 3 7 kep 3 8 kep 3	In you want \$1 to m to this find the point return, does were apoused.  1. Single 2. Married filing joint return. 3. Married filing separation above and apouse's full Head of household (worklid but not your detail but not your detail but not your detail of the point of the country of the cou	fund?  e want \$  eturn (evite return;  ill name  rith quali pendent,  with dep  r someone e  eck box 6a	en if only one ha . Enter apouse'a here  fying person). (S enter this child's bendent child (ye lest can claim you as But be sure to check  (3) If age 1 or older dependent's orial	id: Yes Carlot Yes Carlot Income, social security lee page 18.) If a name here as a spouse died a dependent on his the box on line 18b.  [4] Dependent's relationship to	No will No or re	o: Checking "Yes" not change your to duce your refund.  ing person is a  ). (See page 19.)  No. of boxes checked on the and your children on the whoe  o tred with you  o didn't live
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above and apouse's full name here >    Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here >   Qualifying widow(er) with dependent child (year spouse died > 19). (See page 19.)	itep 3 igne your gemptions for page 20 i	above and apouse's further than the child but not your detailed but not your detailed but not your detailed but not your parent for return, do not child but a but	ill name vith quali pendent, with dep r someone e seck box 6a	here person). (Senter this child's enter this child's bendent child (ye leet can claim you as But be sure to check (3) If age 1 or older dependent's orial	lee page 18.) If a name here as a spouse died a dependent on his the box on line 18b	the qualify    > 19	No. of boxes checked on the checked on the checked on the checked on the checked on the checked on the checked on the checked of the checked of the checked of the checked of the checked on the checked
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September   Sept	igure your compitions see page 20 :	Sa [] Yourself, If your parent to return, do not ch b [] Spouse C Dependente:	r someone e seck box 6a	leei can claim you as i But be sure to check ! (3) If ago 1 or older.	a dependent on his the box on line 18b	or her tax on page 2	No. of boxes checked on the and th  No of your children on the whot o tived with you o didn't live
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Topouse of the page 201  The p	remptions ee page 20 : mere than ren ren po stemits e page 23	C Dependente:	of madee	(3) If age 1 or older, dependent's social security number	relationship to	till No of months head in your head in 1991	children on the who: • lived with you
Commerce   Commerce	mere then	•	age I	security number	relationarily to	hotte in 1991	o lived with you o didn't live
with you with you make the page 231  If you're child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here dependent inder an i	ren g, sdenit e page 23						with you
with you due to diverce as expersions (see page 23)    Me. of other dependent under a pre-1985 agreement, check here   Add numbers of exemptions claimed   Add numbers of exemptions   Add numbers of exemptions   Add numbers of exemptions   Add numbers of exemptions   Add numbers   Add numbers of exemptions   Add numbers   Add numbers of exemptions   Add numbers   Add	page 23	**************************************				I	· didn'i live
d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here.  Total number of exemptions claimed.  Wages, salaries, tips, etc This should be shown in Box 10 of your W 2 form(s) (Attach Form(s) W.2.)  Wages, salaries, tips, etc This should be shown in Box 10 of your W 2 form(s) (Attach Form(s) W.2.)  Taxable interest income (see page 26). (If over \$400, also complete and tach Schedule 1, Part II)  Tax-exempt interest (IX) NOT include on line 8s.) 8b  Dividends (if over \$400, also complete and attach Schedule 1, Part II)  Total Pensions  and annuities.  Total pensions  and annuities. 11s.  Unemployment compensation (insurance) from Form(s) 1099-G.  12 Unemployment compensation (insurance) from Form(s) 1099-G.  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13a Social security  benefits  13b Taxable amount  see page 31).  13b  14 Add lines 7 through 13b (far right column). This is your total income.  14 / 11/2  15b Spouse's IRA deduction from applicable work-  sheet Note: Rules for IR.'s begin on page 33  6 Add lines 15s and 15b. These are your total adjusted gross incomes.  (If less than \$21,250, see "Earned income credit" on page 41.)					1		to diverse er
d If you'r child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here			†	·			(see page 23)
d If you'r child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here							No. of other
dependent under a pre-1985 agreement, check here		d If your child didn't live	e with t	ou but is claim	ned as your	L	dependents listed on the
Wages, salaries, tips, etc. This should be shown in Box 10 of your W.2 form(s) (Attach Form(s) W.2.)   Same your otal income   Same tach Schedule 1, Part 1]   Ba   Ba   Ba   Ba   Ba   Ba   Ba   B		dependent under a pre-l	983 agre	ement, check he			entered on (
### W 2 form(a) (Attach Form(a) W-2)  ### Faxable interest income (see page 26). (If over \$400, also complete and ttach Schedule 1, Part II)  ### Band took Schedule 1, Part II)  ### Band took Schedule 1, Part II)  ### Band took Schedule 1, Part II)  ### Band took Schedule 1, Part II)  ### Band took Schedule 1, Part III)  ### Band took Schedul	ten 4	7 Wages, salaries, tips, etc	This sh	ould be shown it	n Box 10 of yo		
sind (tach Schedule 1, Part I)  b Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include on line 8s.) 8b  11 Tax-reampt interest (DN NOT include on line 8s.) 8b  12 Tax-reampt interest (DN NOT include on line 8s.) 8b  13 Tax-reampt interest (DN NOT include on line 8s.) 8b  14 Tax-reampt interest (DN NOT include on line 8s.) 8b  15 Tax-reampt interest (DN NOT include on line 8s.) 8b  16 Tax-reampt interest (DN NOT include on line 8s.) 8b  18 Tax-reampt interest (DN NOT include on line 8s.) 8b  18 Tax-reampt interest (DN NOT include on line 8s.) 8b  18 Tax-reampt interest (DN NOT include on line 8s.) 8b  18 Tax-reampt interest (DN NOT include on line 8s.) 8b  18 Tax-reampt interest (DN NOT include on line 8s.) 8b  18 Tax-reampt interest (DN NOT include on line 8s.) 8b  19 Tax-reampt interest (DN NOT include on line 8s.) 8b  19 Tax-reampt interest (DN NOT include on line 8s.) 8b  10 Tax-reampt interest (DN NOT include incluse include include income (see page 27). 10h  11 Tax-reampt interest (DN NOT include on line 8s.) 8b  11 Tax-reampt interest (DN NOT include on line 8s.) 8b  11 Tax-reampt interest (Include income include include income include include income include income include include income include include include include income include include include include include include include include include include include include include include include include include include include inclu	igure your				400 alao comn		
b Tax-etempt interest (D) NOT include on line 8a.) 8b  10 Dividends (If over \$400, also complete and attach Schedule 1, Part II) 9  10 Total IRA  distributions 10a (see page 27). 10b  11 Total pensions 11 Taxable amount (see page 27). 11b  12 Unemployment compensation (insurance) from Formical 1099 G. 12  13 Social security 13b Taxable amount (see page 31). 13b  14 Add lines 7 through 13b (far right column). This is your total income. 14 / / / / / / / / / / / / / / / / / /	otal income "	and ttach Schedule 1, P	Part I)				
10a Total IRA distributions 10a (see page 27). 10b  11a Total pensions 11b Taxable amount (see page 27). 11b  11a Total pensions 11b Taxable amount (see page 27). 11b  11a Total pensions 11b Taxable amount (see page 27). 11b  11b Taxable amount (see page 27). 11b  11c Unemployment compensation (insurance) from Form(a) 1099 G. 12  12c Insurance (see page 31). 13b  13b Taxable amount (see page 31). 13b  14 Add lines 7 through 13b (far right column). This is your total income. 14 / / / / / / / / / / / / / / / / / /							
11a Total pensions and annuities 11a (see page 27). 11b  12 Unemployment compensation (insurance) from Form(a) 1089-G. 12  13a Social security 13b Taxable amount benefits 13a (see page 31). 13b  14 Add lines 7 through 13b (far right column). This is your total income. 14 7 11?  15a Your IRA deduction from applicable worksheet. 15a 5 Spouse's IRA deduction from app	Stack Copy B						
and annuities 11s (see page 27) 11b  12 Unemployment conjects at 10 (see page 27) 12  13a Social security benefity 13a (see page 31) 13b  14 Add lines 7 through 13b (far right column). This is your total income.  15a Your IRA deduction from applicable worksheet.  15a Spouse's IRA deduction from applicable worksheet.  15a Spouse's IRA deduction from applicable worksheet.  15a b Spouse's IRA deduction from applicable worksheet.  15b c Add lines 15a and 15b. These are your total adjustments.  15c ()  24c 1099 R	ere.	The state of the second contract of the secon					
12   Unemployment compensation (insurance) from Form(a) 1099-G.   12	11			1110			}
13a   Social security   benefits   13a   (see page 31).   13b     14   Add lines 7 through 13b (far right column). This is your total income.   14   7   14   7     15a   Your IRA deduction from applicable worksheet.   15a     15a   Your IRA deduction from applicable worksheet.   15a     15b   Spouse's IRA deduction from applicable worksheet.   15b     15b   Spouse's IRA deduction from applicable worksheet.   15b     15b   Spouse's IRA deduction from applicable worksheet.   15b     15c   Padd lines 15a and 15b. These are your total adjustments.   15c   (far in the second of the seco			ation (in	surance) from Fo			
tep 5 tep 5 tep 6 to 7 tep 7 tep 8 to 8 to 9 to 9 to 9 to 9 to 9 to 9 to 9 to 9	pufany torms - 4.5			1.3b			
tep 5  15a Your IRA deduction from applicable worksheet. 15a  5 Spouse's IRA deduction from applicable worksheet Note: Rules for IR. begin on page 33  4 Add lines 15a and 15b. These are your total adjustments.  5 Subtract line 15c from line 14. This is your adjusted gross income.  (If less than \$21,250, see "Earned income credit" on page 41.)		benefits 13a			(see page 31)	136	
b Spouse's IRA deduction from applicable worksheet Note: Rules for IR. begin on page 33  2 Add lines 15s and 15b. These are your total adjustments.  2 Subtract line 15c from line 14. This is your adjusted gross income.  (If less than \$21,250, see "Earned income credit" on page 41.)						▶ 14	3.742
sheet Note: Rules for IR: begin on page 33. 15b    Add lines 15s and 15b. These are your total adjustments. 15c   Subtract line 15c from lins 14. This is your adjusted gross income. (If less than \$21,250, see "Earned income credit" on page 41.)	itep 5				ia		
## Add lines 15a and 15b. These are your total adjustments. 15c ()  Subtract line 15c from line 14. This is your adjusted gross income.  (If less than \$21,250, see "Earned income credit" on page 41.)					sh		
Subtract line 15c from line 14. This is your adjusted gross income.  (If less than \$21,250, see "Earned income credit" on page 41.)						15c	id.
TH Test than variety are Earlies meeting events on page 41.7		Subtract line 15c from lin	e 14. Thi	r is your <b>adjuste</b>	d gross incon	10,	, , , , ,
		(If less than \$21,250, see			page 41.)	▶ 10	

#### **Quiz Problem C2**

1991	Form 1040A
Step 6	17 Enter the amount from line 16.
- 1	18a Check   You were 65 or older   Blind   Enter number of if   B3_ouse was 65 or older   Blind   bexee checked   18a    b If your parent (o: someone else) can claim you as a dependent, check here   18b   C    c If you are number of filing separately and your apouse files Form 1040 and itemizes d   18c   C    18b   C   18c   C   18c   C   18c   C   18c   C    18c   C   18c   C   18c   C   18c   C   18c   C    18c   C   18c   C   18c   C   18c   C   18c   C    18c   C   18c   C   18c   C   18c   C   18c   C   18c   C    18c   C   18c   C   18c   C   18c   C   18c   C    18c   C   18c   C   18c   C   18c   C    18c   C   18c   C   18c   C   18c   C    18c   C   18c   C    18c   C   18c   C   C    18c   C   18c   C   C    18c   C   18c   C   C    18c   C   C   C   C    18c   C   C   C   C    18c
Figure your standard deduction.	19 Enter the standars is direction shown below for your filing status.  But if you checked any box on line 18s or b, go to page 27 to find your standard deduction. If you checked box 18c, enter -0
	● Single—\$3,400 ● Head of household.—\$5,000
	Married filing jointly or Qualifying widow(er)—\$5,700
	• Married filing separately—\$2,850
	20 Subtract line 19 from line 17. (If line 19 is more than line 17, enter -0) 20
exemption	
amount, and	21 Multiply \$2,150 by the total number of exemptions claimed on line 6e. 21
taxable Income	22 Subtract line 21 from line 20, (If line 21 is more than line 20, enter -0) This is your taxable income.
	23 Find the tax on the amount on line 22. Check if from:
Step 7	☐ Tax Table (pages 44-49) or ☐ Form 8615 (see page 39) 23
Figure your tax, credita.	24a Credit for child and dependent care expenses.
end	Complete and attach Schedule 2. 24s
payments	b Credit for the elderly or the disabled. Complete and attach Schedule 3. 24b
If you want the IRS to figure your tax, see	c Add lines 24s and 24b. These are your total credits. 24c
	25 Subtract line 24c from line 23. (If line 24c is more than line 23, enter -0) 25
the instructions	26 Advance earned income credit payments from Form W-2. 26
for line 22 on page 38	27 Add lines 25 and 26. This is your total tax.
	28a Total Federal income tax withheld. (If any tax is from Form(s) 1999, check here ► □) 28s
	b 1991 estimated tan payments and amount
	applied from 1990 return. 28b
	c Earned income credit, Complete and
	attach Schedule EIC. 28c d Add lines 28a, 28b, and 28c. These are your total payments. 28d
	29. If line 28d is more than line 27, subtract line 27 from line 28d.
Step 8	This is the amount you overpaid.
Figure your refund or	
amount you	30 Amount of line 29 you want refunded to you. 30
ow <del>e</del>	31 Amount of line 29 you want applied to your 1992 estimated tax. 31
Attacli check or money order on lop of Ferm(a) W-2, etc., on	32 If line 27 is more than line 28d, authract line 28d from line 27. This is the amount you owe. Attach check or money order for full amount payable to the "Internal Revenue Service." Write your name, address, social security
page 1	number, daytime phone number, and "1991 Form 1040A" on it 32
	33 Estimated tax penalty (see page 43)  Under prealthes of penury, I dutier that I have essented this return and occompanying schedules and statements, and to the best of my knowledge and belief, they are true, currect, and complete Declaration of prepare rother than the tax payer is based on all information of which the prepare had any knowledge.
Step 9	and balled, they are true, correct, and complete. Declaration of preparer rother than the taxpayers is based on all information of which the prepare
Sign your rown	Your augmature Date Your accupation
ушланті Качар в сору об	Beauty's signature (if joint return, BOTH must sign)  Data  Spouse's eccupation
this return for	Bpough's mignature (if joint return, BUTH must sign)  Date Spouse's occupation
your records.	Date Preparer's social security no
Paid	Preparer's agreement the conference of the confe
proparor's uos only	Print's name for yours if self-amployed and state of the self-amployed and self-amployed amployed and self-amployed amployed and self-amployed amployed ampl
**** *********************************	if self-employed; and soldings are soldings and soldings and soldings are soldings and soldings and soldings are soldings and soldings are soldings and soldings are soldings and soldings are soldings and soldings are soldings are soldings and soldings are soldings.

<u>C' 4</u>

Form 1040A)	Interest and Dividend Income for Form 1040A Filers (n) 1991		OMR Hs. 1848-00
lame(s) shown on Fer	1046A		redal security numb
James .	C. Poor		1:00:0012.
Part I	Complete this part and attach Schedule 1 to Form 1040A if:		
nterest	<ul> <li>You have over \$400 in taxable interest, or</li> <li>You are claiming the axclusion of interest from series EE U.S. saving</li> </ul>	ge hand-	issued shan 100
no <del>eme</del> See pages 26	a You are claiming the accussion of interest from series E.E.U.S. saving if you are claiming the acclusion or you received, as a nominee, inthelongs to another person, see page 50.  Note: If you received a Form 1099-INT, Form 1099-OID, or substitution.	terest the	at actually
and 60.)	Note: If you received a Form 1099-INT, Form 1099-0111, or substitution brokerage firm, enter the firm's name and the total interest sh	own on	that form.
	1 List name of payer		Amount
	- Lust Cannathaul Bank	1	452
		<del></del>	<del></del>
	- William I special state -	<u>_</u>	
		<del></del> +	
		2	
	2 Add the amounts on time 1. 3 Enter the axcludable savings bond interest, if any, from Form		<del></del>
	8815, line 14. Attach Form 8815 to Form 1040A.	3	
<del></del>	4 Subtract line 3 from line 2. Enter the result here and on Form 1040A, line 8a.	4	
Part II	Complete this part and attach Schedule 1 to Form 1040A if you receiv	ed over 1	1400 in dividend
•	If you received, as a nominee, dividends that actually belong to an	other per	rson, see page 5
Dividend	الأحالة المستعلمين السابات المرازع	4884	Apr 0
	Make: If you received a Form 1099-DIV, or substitute statement, fro	ım a brol	kerage firm, ent
Ser pages 26	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.	m a broi	herage firm, ent
income (See pages 26	Make: If you received a Form 1099-DIV, or substitute statement, fro	om a broi	
income (See pages 26	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
income (See pages 26	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
income (See pages 26	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
income (See pages 26	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
Dividend Income (See pages 26 and 51.)	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
income (See pages 26	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
Ser pages 26	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
Ser pages 26 and 51.)	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
Ser pages 26	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
(See pages 26 and 51.)	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
(See pages 26 and 51.)	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
(See pages 26 and 51.)	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		
(See pages 26 and 51.)	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.		

Btandard Deduction Chart for	Standard Deduction If someone can claim you a	Chart for People Age 65 or ( is a dependent, use the works	heet below, instead.		
People Age RB or Older	Enter the number from the boon line 18a of Form 1040A.		Do not use the numbe ions from line 6e.		
or Blind	If your filing etatue is:	and the number in the box above is:	enter on Form 1040A, line 19:		
	Single	2	\$4,250 \$5,100		
	Married filing a joint return or Or Qualifying widow(er) with dependent child	1 2 3 4	\$6.350 \$7,000 \$7,650 \$8.300		
	Married filing a separate return	3	\$3,500 \$4,150 \$4,800 \$5,450		
	Head of household	1 2	\$5.850 \$6,700		
Standard Deduction Workshoet for Depend, nts	Standard Deduction Wo Use this worksheet ON	orksheet for Dependents (kee VLY if someone can claim you	p for your records) as a dependent.		
	1. Enter the amount from Form 10	40A, line 7. If none, enter -0	1. 2,800		
	2. Minimum amount.		2. 550.00		
	3. Compare the amounts on lines two amounts here.	1 and 2. Enter the larger of the	a. 2,800		
	4. Enter on line 4 the amount shot a Single, enter \$3,400 a Married filing a separate ret e Married filing a joint return, with dependent child, enter e Head of household, enter \$	turn, enter \$2.850 or qualifying widow(er) r \$5,700	4 3,400		
	5. Standard deduction	50,000			
	<ul> <li>Compare the amounts on the two amounts here. If ur</li> </ul>	ines 3 and 4. Enter the amaller of nder 65 and not blind, stop here form 1040A, line 19. Otherwise, go	se. 2,800		
	joint or separate return, or	iphy \$850 (\$650 If married filing a qualifying widow(er) with mber on Form 1040A, line 18e.	50.		
	c. Add lines Se and Sb. Enter 1040A, line 19.	the total here and on Form	5c.		





1040A	U.S. Individual Income Tax Return <sup>(1)</sup>		1991			OMB No 1545-0
itep 1	Your first name and reduct		Lan same		Your	ocial security no.
abel	Jane A					48 4 G
lee the IRS E	If a point return, species is first name an	d metral	Last same		97***	o's social occurity ma
therwise, lease print	Home address (number and street) (II)	you have a PO box. so		Apt no		Privacy Act
1730		mds ill you have a fe	reign address. see page 16	ii	Rec	Paperwork
•	Presidential Election Co			* ****		loe, see page 3. e: Checking "Yes"
	Do you want \$1 to go to if joint return, does your a	this fund?		id? Yes C	3 No will	not change your duce your refund
itep 2	1 El Single	•				
hack your	2 Married filing jo					
Hing status Thack only one i	3			BOCIAL SECURITY	/ number	
nece will see i	4 🔲 Head of househo			See page 18.) i	f the qualify	ing person is a
	child but not you					
	5 Qualifying widow	w(er) with dep	endent child (ye	ear apouse died	I ▶ 19	). (See page 19
tep 3	68 Yourself, if your par	rent (or someone s	lee) can claim you as	a dependent on his	or her tax	No. of honor
lebure your	return. do	not check box Sa.	But be mure to check	the less on line 16t	en page 2	to and the
xemptions	b 🗋 Apouse	(3) Check	(8) If any 1 or alder.	T (4) Desendent's	(E) No of mendio	No. of your
les page 20 i	C Dependenta: (1) Nama (first, mittal, and last	l if under l	(8) If age 1 or elder, dependent's social security number	(4) Dependent's relationship to you	bred in year beans in 1991	ekildren va Be whee
more then			1 1	1		e lived with you
ren Ipendenta.	** - ********* **** * *****************			<b>}</b>	<u> </u>	e didn't live
e page 23	-			<u> </u>		with you due to divorce or separation
	**************************************		<del></del>	<del> </del>		(coo page 56)
						No. of the
			<u>ii</u>	<u> </u>	<u> </u>	No. of other dependents Soled on Se
	4 If your child didn' dependent under a				п	Add numbers
	Total number of exc				<b>u</b>	entered on Hans above
tep 4	7 Wages, salaries, tip W-2 form(s). (Attach	e, etc. This sh	ould be ahown i	n Box 10 of yo	ur 7	
igure your stal income	Sa Taxable interest in	come (see pag		400, also comp	lete	
	and attach Schedule  b Tax-exempt interest.		de on line 8a.) B	b	-T	
itach Copy B	Dividende (If over \$				11) 9	
Front Forms	10e Total IRA	_	106	Taxable amo		1
sre.	distributions. 10	0.	110	(see page 27) Taxable amor		
		la		(see page 27)		
itach chack or ionay arder on of kny Farma	12 Unemployment com	pensation (in:			12	
# of any Forms /-2 or 1098-8	13a Social security		136	Taxable emo		
	benefita. 1;	3.		(see page 31)	<u>. 13b</u>	
		th (for sigh) and,	amn). This is your	total imoums.	▶ 14	2,505
-	14 Add lines 7 through 13	SO LIBEL LIBERY COLE				
iten 5	16a Your IRA deduction	from applicable	e worksheet. 10	5a		
itep 5	18a Your IRA deduction  b Spouse's IRA deduct.	from applicable ion from appli	e worksheet. It cable work-		-	
igure your djusted	18a Your IRA deduction  • Spouse's IRA deduct  sheet Note: Rules for	from applicable ion from applicable IRAs begin on	e worksheet. 16 cable work- page 33. 16	Sb		
leture your	18a Your IRA deduction  b Spouse's IRA deduct.	from applicable ion from appli - IRAs begin on 15b. These are	e worksheet. 16 cable work- page 33. 16 your total adj	5b ustments.	15c	( ) ( )

1991	Form 1040A	<del></del> _	<u> </u>	<u>P</u>
itep 6	17 Enter the amount from line 16.		17_	
	18a Check   You were 65 Or older	d ) =		
	if: Brouse was 65 or older 🗀 Blin			
	b If your parent (or someone else) can claim			
	check here			
	c If you are married filing separately and y 1040 and itemizes deductions, see page 37			
gure your tenderd eduction.	19 Enter the standard doduction shows But if you checked any lox on line find your standard deduction. If you c	ide or b, go t	o page 37 to	
	• Single \$3,400 • Head of househ			
	Married filing jointly or Qualifying was a second control or property or	•	00	1
	Married filing separately-\$2,850	40		ان را س
	20 Subtract line 19 from line 17. (If line 19	a more than lin		405
omption				
nount, and	21 Multiply \$2,150 by the total number of e			- 0
xable come	22 Subtract line 21 from line 20. (If line 21 is This is your taxable income.		▶ 22	405
ep 7	23 Find the tax on the amount on line 22.			* 1
pure your	K) Tax Table (pages 44-49) or Form  24a Credit for child and dependent care expe		e 39) 23	
x, credits, d	Complete and attach Schedule 2.	24a		
ru lyments	b Credit for the elderly or the disabled.			
•	Complete and attach Schedule 3.	24b		
you want the S to figure	e Add lines 24s and 24b. These are your		24c	- 2
ur tax. <del>nee</del> e inétructions	26 Subtract line 24c from line 23 (If line 24c i 26 Advance sarned income credit payment			<u></u>
line 22 on	27 Add lines 25 and 26. This is your total		▶ 27	5.2
ge 38	28a Total Federal income tax withheld. (If	Any		
	tax is from Form(a) 1099, check here		0	
	b 1991 estimated tax payments and amore applied from 1990 return.	unt 28b		
	c Earned income credit. Complete and			
	attach Schedule BIC.	28c		
	# Add lines 28s, 28b, and 28c. These are			U
ер 8	29 If line 28d is more than line 27, aubtract	line 27 from lin		j
gure your	This is the amount you overpaid.		29	
fund or munt you	30 Amount of line 29 you want refunded to	you.	30	
· All you	31 Amount of line 29 you want applied to ;		1	
	1992 estimated tax.	31		
ia-h check or mey order on	32 If line 27 is more than line 28d, subtract lin			
of Form(s)	amount you owe. Attach check or money the "Internal Revenue Bervice." Write your			ı
2. etc., oss ge 1.	number, daytime phone number, and *1991			إيا
	33 Estimated tax penalty (see page 43).	33		
ep 9	33 Estimated tax penalty (see page 43).  Under penalties of perjury, I declare that I have examined this return and beforf, they are true, correct, and complete. Detleration of proper has any knowledge.	and accompanying ecity in the tax	hodules and statements, and i (payer) to based on all informa	a the best of my knowl Lion of which the sves
jn your	Varia strengtura	Data	Your escupation	, .
here	Jane 2 Desert	9/15/92	- Am databalan	
op a copy of a return for	Spouse's signature lif joint return, BOTH must sign!	Data	Speuse's scrupetion	
or records.		1	l	
	Proparor's signature	Date	Check if	sarer's sucial socurity
		<u> </u>	and employed	<del></del>
e enty	Firm's name (or yours )		B1 No	

form 1040A)	Interest and Dividend Inco. 16 for Form 1040A Filers m 1991		OMB No. 1546			
smels) shawn on Fe	1040A	Tour s	octal surerity sur			
ert I	Complete this part and attach Schedul of rm 1040A if:					
	You have over \$400 in taxable interest, or			BBA		
rtorast rcoma	e You are claiming the exclusion of interest from series EE U.S. saving	s Donas	maned ares r	909		
	If you are claiming the exclusion or you received, as a nominee, int belongs to another person, see page 50.	erest tin	et accounty			
See pages 26 nd 50.)	National Company of Form 1000 INT. Form 1099-OID, or substit	aubstitute statement, from a				
	brokerage firm, enter the firm's name and the total interest sh					
	1 List name of payer	- 1T	Amount			
	18 - 18 - 1 Adv. Co. September 2 rp co. 11 co. co. co. co. co. co. co. co. co. co.					
	2 Add the amounts on line 1.	2				
	3 Enter the excludable savings bond interest, if any, from Form	3				
	8815, line 14. Attach Form 8815 to Form 1940A.  4 Subtract line 3 from line 2. Enter the result here and on Form					
	1040A, line 8a.	. 4	A too to disable	<b>ا</b> ـــــا		
Part II	Complete this part and attach Schedule 1 to Form 1040A if you receive	ed over	#4VV IN alviae	nam • K		
Dividend	If you received, as a nominee, dividends that actually belong to an Note: If you received a Form 1099-DIV, or substitute statement, for	ouner pe	reon, ece pag kernae firm. i	eo		
ncome	the firm's name and the total dividends shown on that form.	,,,,	meruge / mm v			
			Amount			
See pages 26				Ţ <b>.</b>		
See pages 26 and 51)	List name of payer	5		T -		
See pages 26 and 51)		5		Į -		
See pages 26 and 51)		5		-		
See pages 26 and 51)		5				
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See pages 26 and 51)	5 List name of payer	5 ]				
See pages 26 and 51)		6				

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ALL POINT HOUSE FORM	1040A line 7 11 -	ane can claim you	p for you	ur records) ependent.
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#### **Quiz Problem C4**

10 <sup>,</sup> 0A	U.S. Individual Income Tax Return (*)	1	991			OMB No 1845-006
Step 1	Your first name and initial	Las	i nême		Year	ocial socurity as.
See page 16 1 A B See the IR9 E abel	If a joint return appears first name and initial		name			's social security no.
Otherwise, please print ir type.	Home address (number and street) olf you have for the control of your have control of the contro			Apt no	and Red	Privacy Act Paperwork luction Act ice, see page 3.
	Presidential Election Campa Do you want \$1 to go to thi. If joint return, does your spous	und?		d? Yes [	No will	o: Cheching "Yes" not change your to tduce your refund.
Stop 2 Check your Ming status Check only one r	1  Single 2  Married filing joint re 3  Married filing separa above and apouse's fu 4  Head of household we child but not your dep	te return. I Il name he ith quelify pendent, er	Enter spouse's re > ing person). (S iter this child's	ee page 18.) 10 name here	the qualify	
Step 3 Figure your	68 Vourself. If your parent (or return, do not ch	someone else		a dependent on his	or her tax	No. of house checked on the and the
Exemptions See page 20 )	b Spouse C Dependents: (1) Name (first, trutial, and last name:	(B) Chack   II if under age I	If age 1 or older, lependent's social security number	(4) Dependent's relationship to you	(6) No of months irred in your home in 1981	No. of your children on Ac who:
f more than even lependents, ee page 23						o didn't live with you due to diverse or separation (see page 28)
	d If your child didn't live dependent under a pre-1 a Total number of exempti	985 agreen	ient, check hei			No. of other dependents lieled on the Add numbers entered on
Step 4	7 Wages, salaries, tips, etc W-2 form(s). (Attach For	. This shou		Box 10 of yo	ur 7	
figure your otal income	Se Taxable interest income and attach Schedule 1, P b T, exempt interest (DO N	(see page art 1.) OT include	on line 8a.) 8l	<u> </u>	8m	4
Moch Copy B I year Ferms FB and 1805-B Mrs.	9 Dividends (If over \$400, s 10a Total IRA distributions. 10a	ilso complei	100	Taxable amou	int 10b	
illach chack or soney order on	23a Total pensions and annuities. 1;a 22 Unemployment compens	ntion (insu		Taxabla amou (see page 27) rm(s) 1099-G.	int 11b 12	
op of any Porms V-2 or 1009-R	13a Social security benefita. 13a		L	Texable amou (see page 31).	int 13b	
itop 5 Igaro your	14 Add lines 7 through 13b (far 15e Your IRA deduction from 5 Spouse: 1RA deduction from	applicable v om applica	rorksheet. 15 ble work-		11	<u>/, 35 }</u>
Äusted Pees Seesse	sheet. Note: Rules for IRAs  a Add lines 15s and 15b. T  16 Subtract line 15c from line	heee are y	our total adju	etmente.	15c	) 41

1991	Form 1040A	Page 2
Step 6	17 Enter the amount from line 16.	17
	18a Check   You were 65 or older Blind   Enter number of	<del></del>
	if:   Spouse was 65 or older   Blind   bease checked > 18a	
	b If your parent (or someone else) can claim you as a dependent,	
	check here 18b	
	c If you are married filing separately and your spouse files Form 1040 and itemizes deductions, see page 37 and check here . > 18c	
Mone your	19 Enter the standard deduction shown below for your filing statu	
tandd leduction.	But if you checked any box on line 18a or b, go to page 37 to find your standard deduction. If you checked box 18c, enter .0.	
	Single—\$3,400 • Head of household—\$5,000	
	Married filing jointly or Qualifying widow(er) \$5,700	1
	Married filing separately—\$2,850	19 3,400
	20 Subtract line 19 from line 17. (If line 19 is more than line 17, enter -0	
xemption	as Multiple to ten hashes and the form of the first	91 (1)
mount, and axable	21 Multiply \$2,150 by the total number of exemptions claimed on line 6e 22 Subtract line 21 from line 20. (If line 21 is more than line 20, enter -0-)	21 131
100Mig	This is your taxable income.	▶ 22
tep 7	23 Find the tax on the amount on line 22. Check if from:	( )
lgure your	☐ Tax Table (pages 44-49) or ☐ Form 8615 (see page 39)	23
ex, credite,	24a Credit for child and dependent care expenses.  Complete and attach Schedule 2. 24a	
nd syments	b Credit for the elderly or the disabled.	<del></del>
•	Complete and attach Schedule 3. 24b	<del></del>
you want the US to figure	THE THE STE ENG STO. THESE ENG JOHN COUNTY CHEMICS.	24c
our tax, see	28 Subtract line 24c from line 23. (If line 24c is more than line 23, enter -0.) 28 Advance earned income credit payments from Form W-2.	) <u>25</u> 26
r line 22 on	27 Add lines 25 and 26. This is your total tax.	▶ 27
age 38	28a Tota¹ Federal income tax withheld. (If any tax is from Form(a) 1099, check here > □ .) 28a   1∪1	
	b 1991 estimated tax payments and amount applied from 1990 return. 28b	
	c Earned income credit. Complete and attach Schedule EIC. 28c	<del></del>
	d Add lines 28a, 28b, and 28c. These are your total payments.	<b>≥ 28d</b> 101 00
itep 8	29 If line 28d is more than line 27, subtract line 27 from line 28d.	90 101 00
leture your	This is the amount you overpaid.	
ofund or	30 Amount of line 29 you want refunded to you.	30 101 00
unaunt you wa	31 Amount of line 29 you want applied to your	
	1992 estimated tax. 31	
ittach check or noney order on	and it time at 10 more mint time and and after time and more little at 1	
op of Form(s)	amount you owe. Attach check or money order for full amount payable the "Internal Revenue Service." Write your name, address, social security	
/-2, etc., on age 1.	number, daytime phone number, and "1991 Form 1040A" on it.	32
	23 Estimated tax penalty (see page 43) 33	
tep 9	38 Estimated tax penalty (see page 43).  Under penalties of perjury, I declare that I have examined this return and recommenting schedules and states and belief, they are true, correct, and complete Declaration of properse (other than the taxpayer) is based on has any harmedge.	nemen, and to the Best of my knowledge I all information of which the propertor
your	N. Your distriction   Your province	
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tie return for	Species's significance (if Joint roturn, BOTH must sign) Date Species's scrupt	ition
ald	Property's constitute Data Check if salf-employed	Proparur's social security no
reparer's	Prm's name for years If not employed and If L No.	<del></del>
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Schedule 1 Form 1040A)	Interest and Dividend Income for Form 1040A Filers (II)  1991		OMB No. 1545	
ameter shown on Far		Your seri	er security au	. m 194
<u> </u>	1. 1003.035			
Part I	Complete this part and attach Schedule 1 to Form 1040A if:  You have over \$400 in taxable interest, or			
nterest ncome	<ul> <li>You are claiming the exclusion of interest from series EE U.S. saving if you are claiming the exclusion or you received, as a nominee, interest to another person, see page 50.</li> </ul>	erest inst	actuany	
See pages 26 and 50 )	Note: If you received a Form 1099-INT, Form 1099-OID, or substit brokerage firm, enter the firm's name and the total interest sh	lu <b>le statem</b> own an the	ent, from a at form.	
	1. List name of payer		Amount	
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	A Ald the amounts on line t	2	700	T
	2 Add the amounts on line 1. 3 Enter the excludable savings bond interest, if any, from Form 8815, line 14. Attach Form 8815 to Form 1040A.	3		
	4 Subtract line 3 from line 2. Enter the result here and on Form 1040A, line 8a	4		
Part II	Complete this part and attach Schedule 1 to Form 1040A if you receive	ved over \$4	00 in divide	nd:
Dividend Income	If you received, as a nominee, dividends that actually belong to an Note: If you received a Form 1099-DIV, or substitute statement, from the firm's name and the total dividends shown on that form.	iother perso	on, see pag	G, 9
See pages 26	5 List name of payer		Amount	4 "
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93				
93	6 Add the amounts on line 5 Enter the total here and on Form 1040A, line 9	6	-	

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(Form 1040A)	for Form 1040A Filers m 1991		ONEB No. 11				
Namets) shown on For			recolal security	-			
Pichae	1 H Isanti		<u>'eu ea e :</u>				
Part I	Complete this part and attach Schedule 1 to Form 1040A if:						
Interest	<ul> <li>You have over \$400 in taxable interest, or</li> </ul>						
Income	<ul> <li>You are claiming the exclusion of interest from series EE U.S. saving</li> </ul>			198			
(See pages 26	If you are claiming the exclusion or you received, as a nominee, into	erest t	hat actually				
and 50.)	belongs to another person, see page 50.  Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement, from a brokerage firm, enter the firm's name and the total interest shown on that form.						
	1 List name of payer		Amount				
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	2 Add the amounts on line 1.	2	4,	Ŀ			
	3 Enter the excludable savings bond interest, if any, from Form	_					
	8815, line 14. Attach Form 6815 to Form 1040A.  Subtract line 3 from line 2. Enter the result here and on Form	3		+			
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Part II	Complete this part and attach Schedule 1 to Form 1040A if you receive	d over	\$400 in divid	enda			
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Dividend Income	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.	m a br	okerage firm,	ente			
See pages 26 and 51 )	5 List name of payer		Amount				
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97	6 Add the amounts on line 5. Enter the total here and on Form 1040A, line 9.	6					

Standard Deduction Chart for		ction Chart for People Age 65 or you as a dependent, use the works	sheet below, instead.	
People Age 85 or Older er Blind	on line 18a of Form 1040A.		n: Do not use the number tions from line 6e.	
er Gianu	If your filing status is:	and the number in the box above is:	enter on Form 1040A, line 19:	
	Single	1 2	\$4.250 \$5.100	
	Married filing a joint return or Ouslifying widow(er) with	1 2 3	\$6.350 \$7.000 \$7.650	
	dependent child	4	\$8.300	
	Married filing a 2 2 separate return 3 4		\$3,500 \$4,150 \$4,800 \$5,450	
	Head of household	1 1 2	\$5.850 \$6.700	
Standard Deduction Worksheet for Dependents		n Worksheet for Dependents (kee et ONLY if someone can claim you		
•	% Enter the amount from For	rm 1040A, line 7. If none, enter -0-	2,450	
	2. Minimum amount.		550.00	
	Compare the amounts on two amounts here.	lines 1 and 2. Enter the larger of the	2,450	
	<ul> <li>Single, enter \$3,400</li> <li>Married filing a separa</li> <li>Married filing a joint rewith dependent child.</li> </ul>		3,400	
	Head of household, er  Standard deduction	uler \$5,000	<u> </u>	
	the two amounts here	s on lines 3 and 4. Enter the smaller of bill funder 65 and not blind, stop here t on Form 1040A, line 19. Otherwise, go	5a <u>7,450</u>	
	joint or saparate return	multiply \$850 (\$650 if married filing a n. or qualifying widow(er) with the number on Form 1040A, line 18a	5b	
	c. Add lines 5a and 5b I 1040A, line 19	Enter the total here and on Form	5c	



Form 1940A)	Interest and Dividend Income for Form 1040A Filers (1) 1991		0MB No. 16	18-000			
Nametel shown on Ye	rm 104GA		ald security a	-			
Michae		90	<u>1 ((a ())</u>				
Part I	Complete this part and attach Schedule 1 to Form 1040A if:						
Interest	<ul> <li>You have over \$400 in taxable interest, or</li> <li>You are claiming the exclusion of interest from series EE U.S. savin</li> </ul>	es bonds i	smed after	1989			
RCOM0	If you are claiming the exclusion or you received, as a nominee, in						
(See pages 26 and 50.)	belongs to another person, see page 50.			_			
	Note: If you received a Form 1099—INT, Form 1099—OID, or substitute statement, from a brokerage firm, enter the firm's name and the total interest shown on that form.						
	1 List name of payer		Amount				
	Lirst Bonk	1	5.00	17			
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	2 Add the amounts on line 1	2	1,				
	3 Enter the excludable savings bond interest, if any, from Form						
	8815, line 14. Attach Form 8815 to Form 1040A.  4. Subtract line 3 from line 2. Enter the result here and on Form	3		╁╌			
	104C A, line 8a.	4		خل			
Part II	Complete this part and attach Schedule 1 to Form 1040A if you receiv	ed over \$4	100 in <mark>di</mark> vide	nds.			
Dividend	If you received, as a nominee, dividende that actually belong to an						
Income	Note: If you received a Form 1099-DIV, or substitute statement, fro the firm's name and the total dividends shown on that form.	m a broki	erage jirm,	ente			
(See pages 26	5 List name of payer		Anioant				
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	6 Add the amounts on line 5. Enter the total here and on Form 1040A, line 9.	6		1			

Standard Deduction Chart for	Standard Deduction Chart for People Age 65 or Older or Blind If someone can claim you as a dependent, use the worksheet below. instead.			
People Age 85 or Older	Enter the number from on line 18a of Form 1040		n: Do not use the numbe ptions from line 6e.	
or Blind -	If your filing atetus is:	and the number in the box above is:	enter on Form 1040A, Hne 19: \$4,250 \$5,100	
	Single	2		
	Married filing a joint return or Oualifying widow(er) with dependent child	1 2 3 4	\$6,350 \$7,000 \$7,650 \$8,300	
	Married filing a separate return	1 2 3 4	\$3.500 \$4,150 \$4.800 \$5,450	
	Head of household	1 2	\$5.850 \$6,700	
Standard Deduction Worksheet for Dependents		on Worksheet for Dependants (k et ONLY if someone can claim y		
	1. Enter the amount from Fo	orm 1040A, line 7. If none, enter -0-	, 2,450	
	2. Minimum amount.		2 550.00	
	3. Compare the amounts on two amounts here.	lines 1 and 2 Enter the larger of the	2,450	
	<ul> <li>Single, enter \$3,400</li> <li>Married filing a separ</li> </ul>		4 3,400	
	the two amounts have	ts on lines 3 and 4. Enter the smaller of e. If under 65 and not blind, stop here it on Form 1040A, line 19. Otherwise, g	r	
	joint or separata retui	f. multiply \$850 (\$650 if married filing a rn, or qualifying widow(er) with the number on Form 1040A, line 18a	5b [	
	<ol> <li>Add tines 5a and 5b 1040A, line 19</li> </ol>	Enter the total here and on Form	5c	
	and the same same transfer to the same same same district to a section of the same same of the same same of the same same of the same same of the same same of the same same of the same same of the same same of the same same same same same same same sam	an page to the first page and the second terms of the page of the second terms of the page of the second terms of the second t		
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			98	



Answers Exercises 1 through 4:
Answer to Exercise 1
a., b., c., and d.
Answer to Exercise 2
Yes—c., and d.
No—a., and b.
Answer to Exercise 3
c., d., and e.
Answer to Exercise 4
Yes—a., and d.
No—b., and c.

CONTENTS

Seven transparencies:
eighteen pages of
sample forms, two,
pages of Tax Tables,

and fifteen student

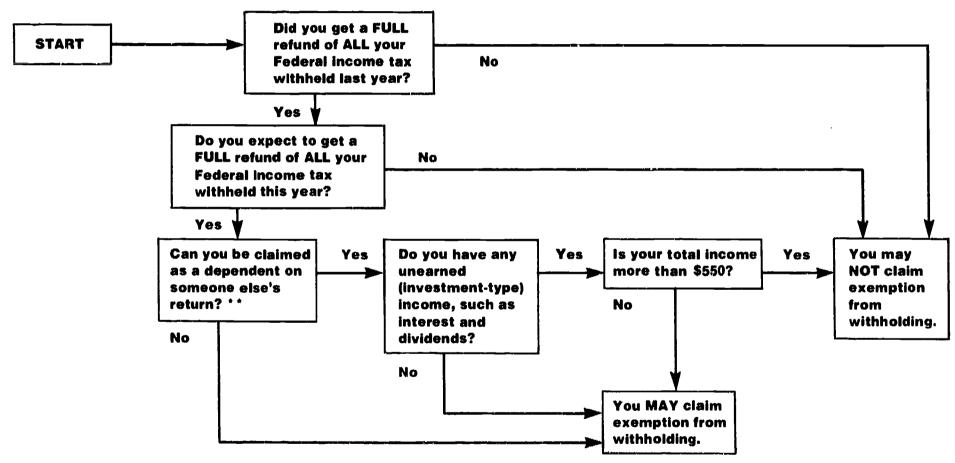
handouts.

ERIC Full Text Provided by ERIC

**LESSON A: HANDOUT 2A-1** 

#### **Are You Exempt from Withholding?**

Begin at START and follow the arrows. At each question box, follow the arrow to your next answer.



\*\* See handout 2A-2, "The Dependency Tests."

UNIT 2

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**LESSON A: HANDOUT 2A-2** 

#### **The Dependency Tests**

There are five tests to determine whether someone is your dependent: relationship, married person, citizen or resident, income, and support tests. Each dependent must meet all five of the following tests.

**Test 1: Relationship** 

Your dependent must be either your relative or someone who lived in your home as a member of your household all year. Any relationships established by marriage are not treated as ended by divorce or death. The relationship must not violate local law.

The following are considered your relatives:

- Your child. Your child includes your son, daughter, stepchild, adopted child; a child who lived in your home as a family member if placed with you by an authorized placement agency for legal adoption; and a foster child (any child who lived in your home as a family member for the whole year).
- Your grandchild, great-grandchild, etc.
- Your son-in-law, daughter-in-law.
- Your parent, grandparent, stepparent, parent-in-law.
- Your brother, sister, stepbrother, stepsister, brotherin-law, sister-in-law, half brother, half sister.
- If related by blood, your aunt, uncle, nephew, niece.

Test 2: Married person

Your married dependent cannot file a joint return. However, if neither the dependent nor the dependent's spouse is required to file, but they file a joint return to get a refund of all tax withheld, you may claim him or her if the other four tests are met.

#### **Test 3: Citizen or resident**

The dependent must be either a U.S. citizen or resident alien or a resident of Canada or Mexico or your adopted child who is not a U.S. citizen but who lived with you all year in a foreign country.

#### **Test 4: Income**

Generally, the dependent's gross income must be less than \$2,150. Gross income does not include nontaxable income, such as welfare benefits or nontaxable social security benefits.

If your dependent was permanently and totally disabled and had income from services performed at a sheltered workshop school, that income is generally not included for purposes of the income test. For details, get Publication 501, Exemptions, Standard Deduction, and Filing Information.

Special rules for your child: Your child does not have to meet this income test if your child was under 19 at the end of 1991, or your child qualifies as a student and was under age 24 at the end of 1991.

Your child is a "student" if he or she:

- was enrolled as a student at a school during any five months of 1991 for the number of hours or classes that the school considers to be full-time, or
- took a full-time, on-farm training course during any five months of 1991. (The course had to be given by a school or a state, county, or local government agency.)

School includes technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

Test 5: Support

The general rule is that you had to provide over half the person's total support in 1991. If you file a joint return, support can come from either spouse. If you remarried, the support provided by your new spouse is treated as support coming from you. For exceptions to the support test, see the instructions for Form 1040.

Support includes food, a place to live, clothing, medical and dental care, and education. Support also includes such items as a car and furniture, but only if they are for the person's own use or benefit. In figuring total support, use the actual cost of these items. However, you should figure the cost of a place to live at its fair rental value. In figuring total support, you must include money used by the person for his or her own support, even if this money was not taxable. Examples are social security and welfare benefits, gifts, and savings.

Total support does not include items such as income tax, social security and Medicare taxes, life insurance premiums, scholarship grants, or funeral expenses.

UNIT 2



**LESSON A: HANDOUT 2X-1** 

#### **Problems**

#### **Problem A1:**

Jay R. Jones of 100 First Street, Metropolis, ID 83603, is single and works a few hours each month at his uncle's shop. He is a full-time student. Jay had no income tax liability last year, but he expects to earn between \$300 and \$400 in wages this year. He has no other income, and his parents claim him as a dependent on their tax return. His social security number is 999-00-1234. Fill out a correct Form W-4 for Jay.

#### Problem A2:

Jane J. Johnson of 24 Straight Street in Bigtown, ME 04748, is single and expects to earn about \$12,000 this year as a laborer. She earned a little less last year but did pay income tax. No one claims Jane as a dependent, and she has no dependents. Her social security number is 999-00-5678. Fill out a correct Form W-4 for Jane. She has only one employer.

#### **Problem A3:**

Christina L. Steele of 3183 March Lane, Fair City, VA 22033, is single. She is a teacher's aide at a preschool. Her social security number is 123-00-9614. Her parents cannot claim her as a dependent. Last year, she had \$75 income tax withheld; but she got it all back when she filed her tax return. This year, Christina expects to earn only \$2,400 and wonders if she can claim exempt from withholding on Form W-4. Using Handout 2A-1, determine if Christina can claim exemption from income tax withholding. Then, fill out her Form W-4.

#### **Problem A4:**

Jennifer L. Teton of 1730 Jefferson Drive, St Paul, MN 55120 is single and a full-time high school student. To save money for college, she works at two jobs. Her social security number is 000-00-1243. Her parents claim her as a dependent. She got a full refund of all her federal income tax withheld last year. She expects to earn about \$4,000 this year: \$2,600 from one job and \$1,400 from the other. Can she claim exemption from withholding? Fill out one Form W-4 for both of her jobs.

#### Problem A5:

Vera S. Smith is a full-time student and is single. Her address is 213 Robert St., Johnson City, ME 04689. Her SSN is 000-00-9876. She has a young son whom she will not be able to claim on her tax return. She does not qualify to file as head of household. She lives with her parents. They do not claim her as a dependent. She worked last year and earned enough so that she had to pay taxes. She expects to earn \$5,000 this year from one part-time job. Is she able to claim exemption from withholding? Complete Form W-4 for her.

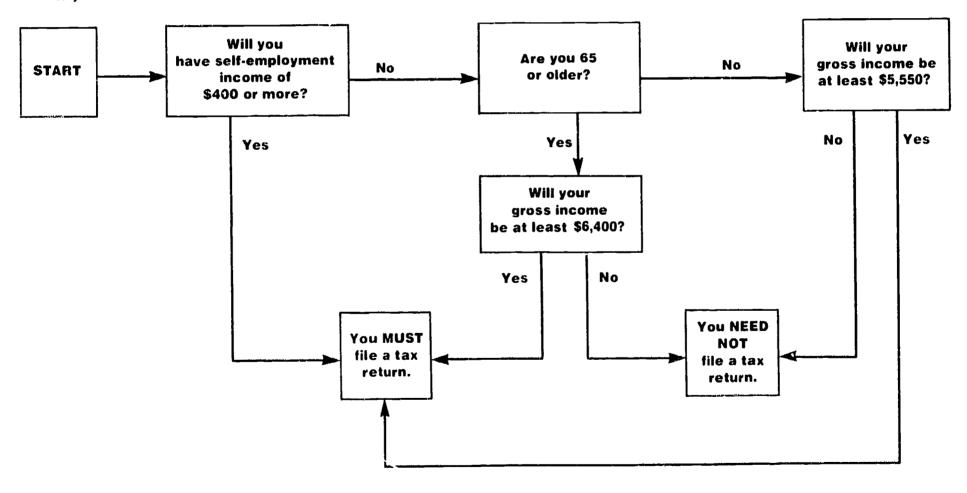


ERIC

**LESSON B: HANDOUT 2B-1** 

## Should You File a Tax Return? Single Taxpayers who are not claimed as dependents

Not everyone must file a tax return. To find out whether you must file, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.



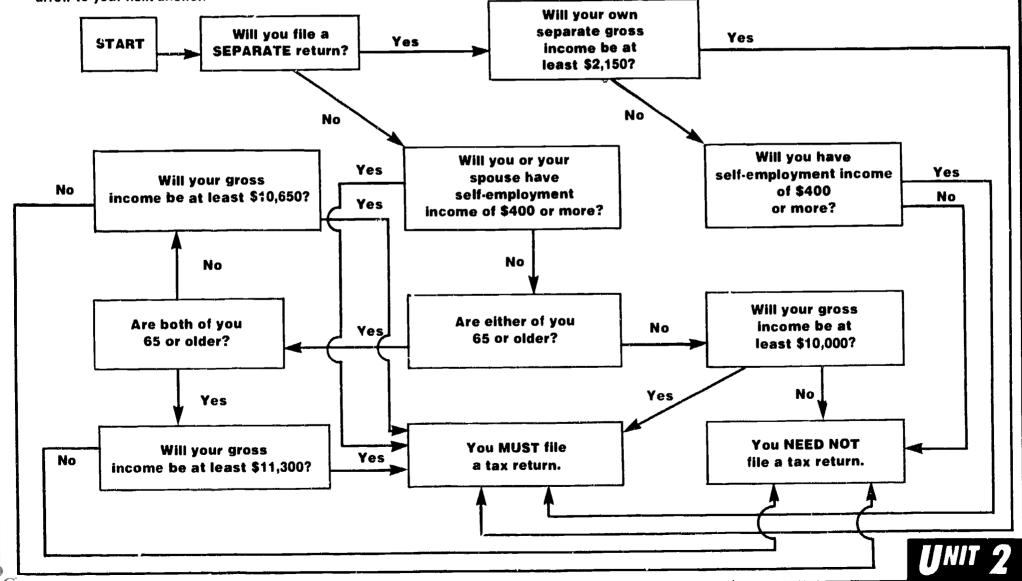
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UNIT 2

**LESSON B: HANDOUT 2B-1A** 

# Should You File a Tax Return? Married Taxpayers who are not claimed as dependents

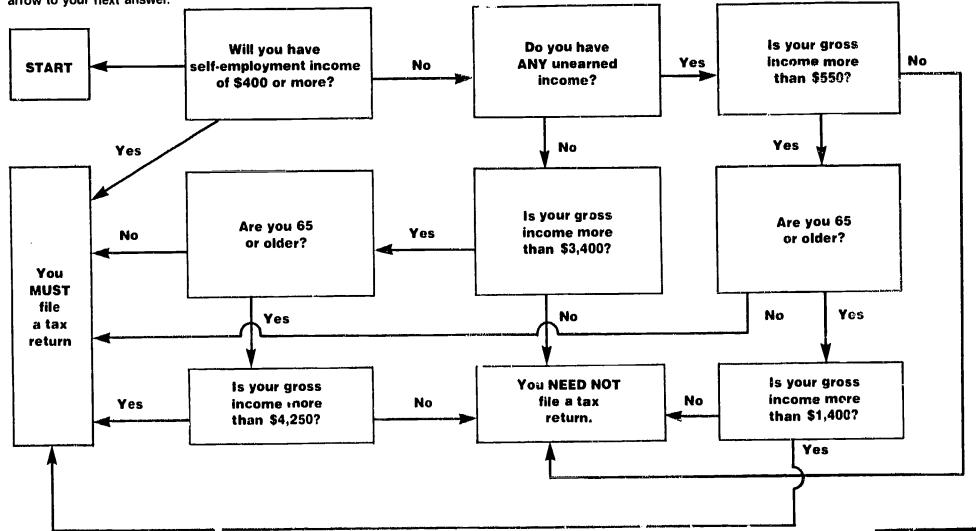
Not everyone must file a tax return. To find out whether you must file, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.



**LESSON B: HANDOUT 2B-1B** 

### Should You File a Tax Return? Single Dependents (Does not cover blind dependents)

Not everyone must file a tax return. To find out whether you must file, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.

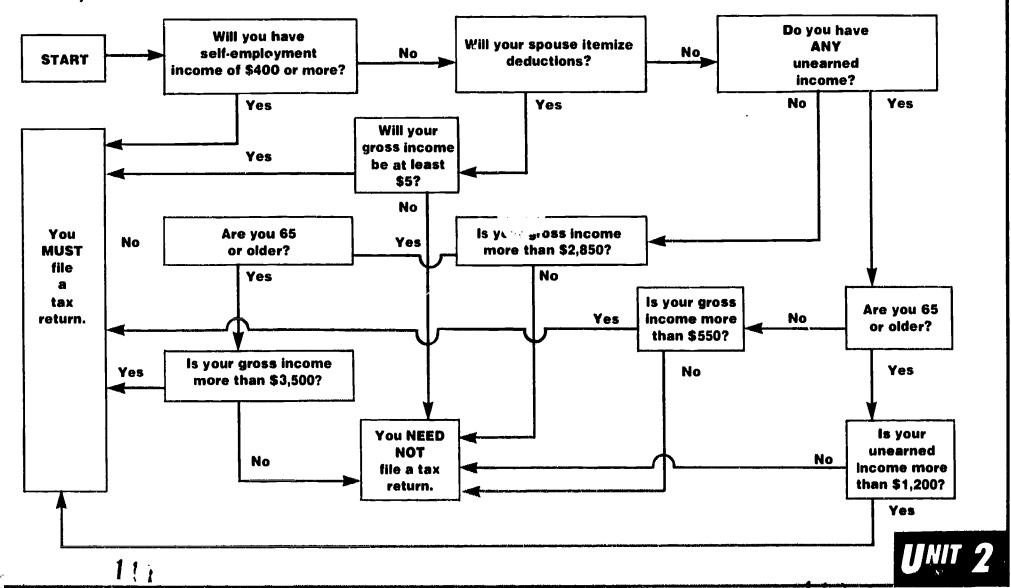


UNIT 2

LESSON B: HANDOUT 2B-1C

#### Should You File a Tax Return? Married Dependents (Does not cover blind dependents)

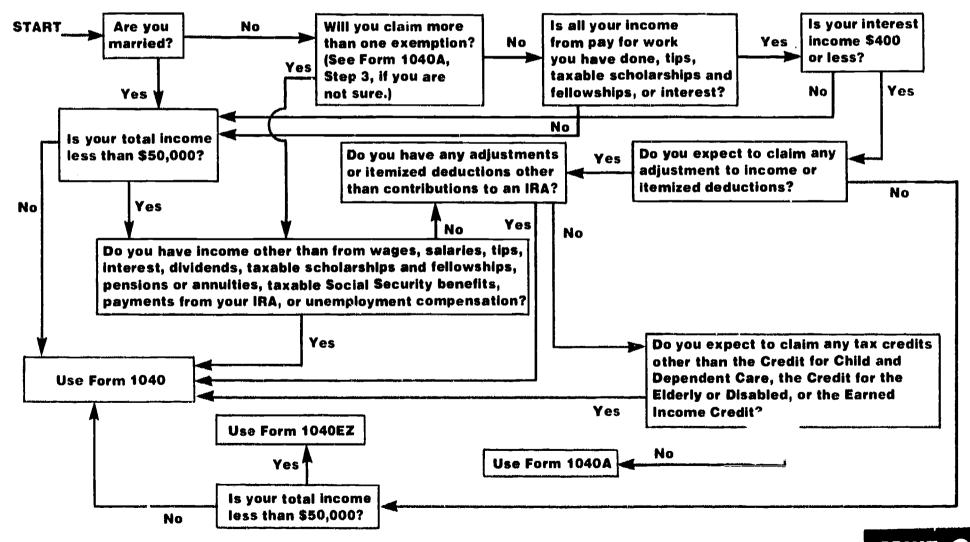
Not everyone must file a tax return. To find out whether you must file, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.



**LESSON B: HANDOUT 2B-2** 

#### Which Tax Return Should You Use?

There are three tax forms for individual taxpayers: Form 1040EZ, Form 1040A, and Form 1040. The first of these is the simplest, and the third is the most complex. To see which form you should use, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.



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**LESSON B: HANDOUT 2B-3** Step 3: Figure your tax \_ Add the amounts in box 9 or your Form 1040EZ Step-by-Step Forms W-2. Put the total on line 6. \_ Find your tax by using the singles col-What you'll need . . . umn of the Tax Tables and looking for \_ Forms W-2 - one for each job held your taxable income (line 5). Write during the year. your tax on line 7. \_ Forms 1099-INT - if you received \_ Double-check that you copied corinterest income. rectly the figures from your Forms W-2 and the Tax Tables. \_\_\_\_ Pencil/pen, scratch paper. \_\_\_\_ Calculator. Step 4: Refund or amount you owe \_\_\_\_ Blank Form 1040EZ. \_\_\_\_\_ Look at lines 6 and 7 again. Check whether line 6 or line 7 is larger. Step 1: Name and address \_\_ If line 6 is larger, you should complete . If you do not have a peel-off mailing line 8. Subtract line 7 from line 6, and label, print your name and address put the result on line 8. This is your carefully. (Otherwise, save the mailing refund. label to apply when you are sure your . If line 7 is larger, you should complete return is complete and correct.) line 9. Subtract line 6 from line 7, and \_\_ Enter your social security number. put the result on line 9. This is the (See box 5 of your Form W-2.) amount you owe. \_ If you want \$1 to go to the Presidential Election Campaign Fund, check Step 5: Sign your return "Yes." \_\_\_\_ Double-check your addition and subtraction. Step 2: Report your income \_ Read the words in bold letters at the \_ Add the amounts in box 10 of your bottom of the form, then sign and date Forms W-2. Put the total on line 1. \_ If you received interest income, put \_ Attach your mailing label; make any the total of the amounts from box 1 of necessary corrections directly on the your Forms 1099-INT on line 2. (If over label. \$400, you cannot use Form 1040EZ.) Attach Copy B of each Form W-2. Double-check your addition for line 3. \_\_\_ If you owe more tax, attach your check Check handout 2A-2, "The Depenor money order made payable to dency Tests," to find out if you should "Internal Revenue Service." Write check "Yes" or "No" for line 4. your social security number, address, \_ If you can be claimed as a dependent. daytime phone number, and "1991 check "Yes" and see the worksheet Form 1040EZ" on it. on the back of Form 1040EZ. . Make a copy of the tax return for your \_ If you checked line 4, "No," then, records. enter \$5,550. \_\_\_\_ Mail your return by April 15, 1992. Double-check subtraction for line 5.

UNIT2



LESSON B: HANDOUT 2X-2

## Problems and Exercises

#### Problem B1:

Using this Form W-2 and Form 1099-INT information, fill out a correct Form 1040EZ for Susan A. Black. She is single and cannot be claimed as a dependent on another person's return. She wants \$1 to go to the Presidential Election Campaign Fund.

		CORRECTED (If	cnec,	_	
PAYER'S name, street address, city, stat	e, and ZIP code	Payer's RTN (optional)	OMB No. 1545-0112		
lown Bank 3 State Street Robin, MI 48200			1991	Inte	rest Income
PAYER S Federal identification number	RECIPIENT'S identification number (187-00-2080)	1 Interest income not included in	n Box 3	<u>!</u>	Cony B For Recipient
RECIPIENT'S name		2 Early withdrawai penalty	3 Interest on U.S. Sav. Bonds and Treas. of		This is important tax information and is
Busan A. black		s	Ś		being furnished to the Internal Revenue Service, If you are
Street address (including apt no)	eet	4 Federal income tax withheld \$	Nillillillihittamannii	Phinnaill	required to file a return, a negligence penalty or other
City, state, and ZIP code FODIT, MI 48260		5 Foreign tax paid	6 Foreign country of L possession	J.S.	sanction may be imposed on you if this income is taxable and
Account number (optional)		s			the IRS determines that it has not been reported.

Form 1099-INT

Department of the Treasury - Internal Revenue Service

2 Employer's name address and AP code  ABC Stores 2001 Pent Road Robin, MI 48200  3 Employer's defibrication number 4 Employer's state (Dinamer 1) Social security tax withheld 10 Wages top offer to 100 (100 (100 (100 (100 (100 (100 (100	
ABC Stores 2001 Pent Road Robin, MI 48200  Stores dent-trains number 4 Employer's state 10 number 11 Social security tax withheid 12 Social security to 19 Federal ricome tax withheid 12 Social security to 19 Federal ricome tax withheid 12 Social security to 19 Federal ricome tax withheid 12 Social security to 19 Federal ricome tax withheid 12 Social security to 19 Federal ricome tax withheid 12 Social security to 19 Federal ricome tax withheid 12 Social security to 19 Federal ricome tax withheid 13 Social security tips 14 Medicare wages 987-00-2080  19 Employee's name address, and 7 P code 15 Medicare tax withheid 16 Nonqualified pia 14 Federal ricome tax withheid 16 Nonqualified pia 17 See Instris for Box 17 Tee Instris for Box 17 Tee Instris for Box 17 Tee Instris for Box 17 Tee Instriction 19 Federal ricome tax withheid 19	
20 Pent Road Robin, MI 48200  9 Federal income tax withheld 10 Wages tos offer of \$754.00 \$9.073  1 Endies a defidication number 4 Employer's state 10 number 11 Social security tax withheld 12 Social security with 13 Social security tips 14 Medicare wages 987-00-2080  19 Employee's name address, and AIP code 15 Medicare tax withheld 5140.24  Susan A. Riack 17 See Instris for Box 17 18 Other  20 Penderal income tax withheld 10 Wages tos offer of \$7.072  12 Social security tips 14 Medicare wages 14 Medicare wages 15 Medicare tax withheld 16 Nonqualified plate 16 Nonqualified plate 17 See Instris for Box 17 18 Other  20 Penderal income tax withheld 17 See Instris for Box 17 18 Other	ed red
ROBIN, MI 48200  9 Federal income tax withheld 10 wages tos ore to \$754.00 \$9,070  3 Exposes definition number 4 Employer's state (Dinamber 11 Social security tax withheld 12 Social security with 13 Social security tips 14 Medicare wages 987-00-2080  19 Employee's name address, and AP code 15 Medicare tax withheld 5140.24  Susan A. Rlack 17 See instrictor Box 17 18 Other Robin, MI 48200  20 20 Dependent care benefit: 23 Benefits include	ment
3 Employer's defidication number 4 Employer's state (2 number 11 Social security tax withheld 12 Social security with 13 Social security trips 14 Medicare wages 987-00-2080  19 Employee's name address, and AIP code 15 Medicare tax withheld 5140.24  Susan A. Rlack 17 See instris for Box 17 18 Other Robin, MI 48200  20 22 Dependent care benefit 23 Benefits include	
13 Social Security typs   14 Medicare wages   987-00-2080   15 Medicare tax withheid   16 Nonqualified pia   5140.24   17 See Instrist for Box 17   18 Other   18 Other   19 Code   19 Employee's name address, and 7IP code   19 Medicare tax withheid   16 Nonqualified pia   5140.24   18 Other   18 Other   18 Other   19 Code	mpensation (
5 Employee's name address, and ZIP code 13 Social Security tips 14 Medicare wages 987-00-2080 19 Employee's name address, and ZIP code 5 140.24 Susan A. Black 501 Furnbolt Street Robin, M1 48200 20 Dependent care benefit: 21 Benefits include	ages • () ()
Susan A. Black Ol Turnbolt Street Robin, M1 48200  20 22 Dependent care benefit 23 Benefits include	and tips
Robin, M1 48200	15
NO STATE OF A STATE OF	d in Box 10
24 State income tax 25 State wages tips etc.; 26 Name of state 27 Local income tax 28 Local wages, tips etc.; 29 Nam	e of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return

Form W-2 Wage and Tax Statement 1991

the institution is being facilished to the internal Revenue Service





**LESSON B: HANDOUT 2X-2 Continued:** 

#### **Problems**

#### **Problem B2:**

Using this Form W-2 information, complete Form 1040EZ for Joseph K. Day. He is age 16, is single, and is claimed as a dependent on his parents' return. He wants to contribute \$1 to the Presidential Election Campaign Fund.

1	Control number	
	OMB No 1545 0008	
2	Employer's name, address, and ZIP code	6 Statutory Deceased Pension Legai 947 Subtotal Deterred Void employee plan rep emp
	Super Service Station	7 Allocated tips 8 Advance EIC payment
	702 Main Street	
	Goodtown, OR 45201	9 Federal income tax withheld \$10 Wages, tips, other compensation \$2,250.00
3	Employer's identification number   4 Employer's state   D number   10-0001238	11 Social security tax withheld \$140.63 \$2,250.00
5	Employee's social security number: 987-00-4321	13 Social security tips 14 Medicare wages and tips
19	Employee's name, address, and ZIP code	15 Medicare tax withheld 16 Nonqualified plans 532.63
	Joseph K. Day 615 Popular Drive	17 See Instrs for Box 17 18 Other
	Goodtown, OR 45201	
20	21	22 Dependent care benefits 23 Benefits included in Box 10
24	State income tax 25 State wages, tips, etc 26 Name of state	27 Local income tax   28 Local wages, tips, etc   29 Name of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return

Department of the Treasury -- Internal Revenue Service

form W-2 Wage and Tax Statement 1991

This information is being furnished to the Internal Revenue Service





**LESSON B: HANDOUT 2X-2 Continued:** 

#### **Problems**

#### **Problem B3:**

Using the Form W-2 information for Stan Davis III, complete Form 1040EZ. Although he is single (age 18), his parents are claiming him on their tax return. Stan wants to contribute \$1 to the Presidential Election Campaign fund.

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Tablina Televia	9 Federal income tax with rela-	10 Aujes 12 there is essatisf English, strong
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tan Cavas III Carriela Cane Caules CV (451.	17 Speciality for	18 Otter
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24 title ment si 25 ffare wages tips etc. 26 feame of state	27 total prometax 28 chair	ages tos en 29 Name et oca l

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			13 St. Com. (1987)	14 Medicare wakes and hips
19	The second secon	9	15 Medicarm tax withheid	16 Nonqualified plans
	that was 11 art of the after that was Norwall		17 Sept of the Company	18 Other
20	21		22 Dependent are tenetic	23 Benefits included in Box (a)
1 .`4	25 Tele Age T	-1 26 to the initiate	27 to 3 in order to 28 cock a	ages har etc. 29 Name of focality

UNIT 2



**LESSON B: HANDOUT 2X-2 Continued:** 

#### **Problems**

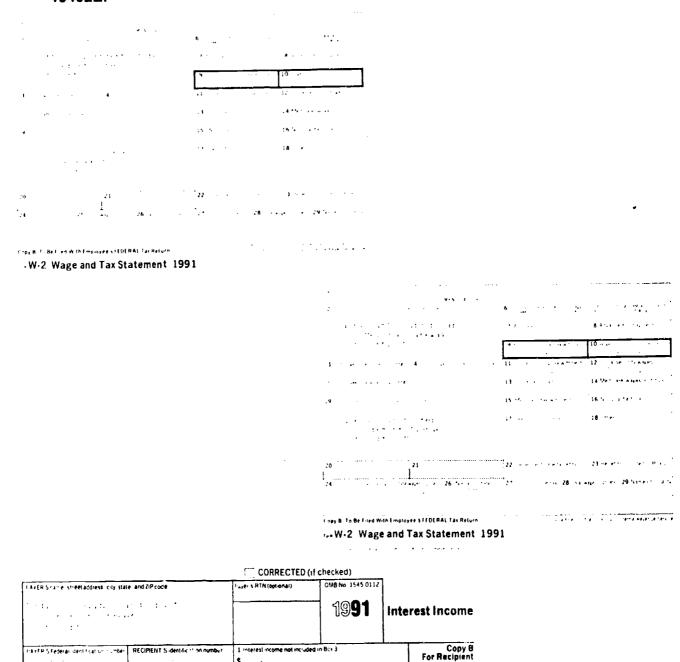
#### **Problem B4:**

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ning instellant (Z.P. Use) Arizort nun ber fritore b

.... 1099-INT

Jane W. Winchester is a 19-year old student at West Port College. She changed from one part-time job to another during the year. Her only other income was the interest earned from her savings. She wants \$1 to be designated for the Presidential Election Campaign Fund. Jane is single and has no dependents. She is claimed as a dependent on her parents' return. Using all available information, prepare Jane's 1991 Form 1040EZ.





Internal Revenue
Service If you are
required to file A
return a negugence
penalty or other
sanction may be
imposed on you if In si
income is tarable and
the IRS determines
that if has not been
reported

Department of the Breakury - Internal Revenue Sensice

6 Fore an country or U.S. possession

2 Early withdrawal penalty

4 federal income tax withho 5 Fore gn las paid

**LESSON B: HANDOUT 2X-2 Continued:** 

#### **Problems**

#### **Problem B5:**

Please complete a Form 1040E7 for Brian M. Jones. He is single, 17 years old, and cannot be claimed as a dependent on his parents' return. He does not want to contribute to the Presidential Election Campaign Fund. His address is 6203 Churchill St., Cincinnati, OH 45203. His social security number is 000-00-0021.

1	Control number		
	OMB No 1545 0008	6 Statutory Deceased Pension Legal	942 Subtotal Deterred Void
2	Employer's name, address, and ZIP code	emblokes 190 Leb	emp compensation
	WYZ Corp. 13 So. 9th Street	7 Allocated tros	8 Advance EIC payment
	Cincinnati, OH 45201	9 Federal income tax withheld \$55.00	10 Wages, tips, other compensation \$2,400.00
3	Employer's identification number 4 Employer's state ID number 10-1110000	11 Social security tay withheld \$150.00	12 Social security wages \$2,400.00
5	Employee's social security number (i) 00 – (i) 0 – 0 0 2 1	13 Social security tips	14 Medicare wages and tips
19	Empinyee's name laddress, and ZIP code	15 Medicare tax withheld \$34.80	16 Nonqualified plans
	Prian M. Jones 6203 Churchill Street Cincinnati, OH 45203	17 See Instrs for Box 17	18 Other
2 <b>0</b>	21	22 Dependent care benefits	23 Benefits included in Box 10
24	State income tax · 25 State wages tips etc · 26 Name of state -() - \$2,400.00 OH	27 Local income tax   28 Local w	ages, tips etc : 29 Name of locali
op	y B To Be Filed With Employee's FEDERAL Tax Return	Department of the	he Treasury—Internal Revenue Servi

Form W-2 Wage and Tax Statement 1991

This information is being furnished to the Internal Revenue Service



LESSON B: HANDOUT 2X-2 Continued:

Exerci	ea 1·
	ich of the following types of income can be reported on a 1040A?
A.	Interest from a savings and loan
В.	Partially-taxable pensions
	Social security benefits
D.	Dividends
Е.	Self-employment income
Exerci	se 2:
Ma	y the following taxpayers file a Form 1040EZ? (Yes or No)
Α.	Single, no dependents, age 67, \$20,000 taxable income
В.	Single, age 52, \$12,000 wages, \$600 interest income, no dependents
C.	Single, age 37, \$22,000 wages, no other income, no dependents
D.	Single, age 19, \$4,000 wages, no other income, not claiming any dependents
Exerci	ise 3:
W	nich of the following types of income can be reported on a Form 1040A?
A.	Lottery winnings
В.	Self-employment income
C.	Interest from a savings and loan
D.	Fully-taxable pensions
Е.	Unemployment compensation
Exerc	ise 4:
Ma	y the following taxpayers file a Form 1040EZ? (Yes or No)
A.	Single, no dependents, wages of \$49,000, interest income of \$300, no other income, age 37, not itemizing or claiming adjustments
В.	Married filing separately, no dependents, interest of \$325, wages of \$22,000, age 43, not itemizing
C.	Single, retired, taxable pension on Form 1099-R of \$8,000 no other income, age 58, not itemizing
D.	Single, W-2 wages of \$9,000, lives at home but is not a dependent, age 23, not itemizing





If your spouse died in 1989 or 1990 **LESSON C: HANDOUT 2C-1** and you did not remarry in 1991, you may be able to file as qualifying Form 1040A Step-by-Step widow(er) with dependent child. (See Form 1040A instructions for more What you'll need. . . information.) If you qualify, check box Forms W-2 - one for each job held during the year. Step 3: Figure your exemptions \_ Forms 1099-INT - if you received interest income. Take an exemption for yourself by Pencil/pen, scratch paper. checking box 6a unless you can be claimed as a dependent on someone \_\_\_\_ Caiculator. eise's tax return. (See handout 2A-2, Blank Form 1040A and Schedules "The Dependency Tests.") .... Social security numbers for you, your Take an exemption for your spouse on spouse, and your dependents one a joint return by checking box 6b. On a year of age or older. separate return, you can take an exemption only if he or she had no **Step 1: Name and address** income, is not filing a return, and cannot be claimed as a dependent on If you do not have a peel-off mailing someone else's tax return. label, print your name and address Take an exemption for each person carefully. (Otherwise, save the mailing who qualifies as your dependent. (See label to apply when you are sure your return is complete and correct.) handout 2A-2.) Write their names and other information on line 6c. Enter your social security number (and "Dependents." your spouse's when applicable). Complete the lines at the right, and If you want \$1 to go to the Presidential add the total number of exemptions. **Election Campaign Fund, check** Put the total in the large box to the "Yes." right of line 6e. Step 2: Check your filing status Step 4: Figure your total income If you are single, check box 1. (See \_\_\_ Add the amounts in box 10 of your handout 2B-2. "Which Tax Form Forms W-2. Put the total on line 7. Should You Use?" to find out whether ... If you received interest income, put you can use Form 1040EZ instead.) the total from box 1 of your Forms If you are married and want to take 1099-iNT on line 8a. advantage of lower tax rates by filing If line 8a is more than \$400, put the a joint return, check box 2. name of each party who paid you If you are married and want to file interest and the amount on Part I of separately from your spouse, check Schedule 1. Put your name and social box 3. security number on Schedule 1, and If you are unmarried or do not live with save it to attach to your return. your spouse and you have an unmar-If you received nontaxable interest ried child living with you, you may income, write the amount on line 8b. qualify as head of household. (See the Instructions for Form 1040A for more \_\_ If you think lines 9 through 13b could information about head of household apply, see the form instructions. status.) If you qualify, then check box Add lines 7 through 13b. (Do not include line 8b.) Write the total on line 14. Double-check your addition. This is your total income.





LESSON C: HANDOUT 2C-1 Step 5: Figure your adjusted	If you think lines 24a or 24b applies, see the form instructions. If either line applies, fill in as appropriate either Schedule 2 or Schedule 3.
gross income If you think lines #5a through 15c apply, see the forms instructions.	If lines 24a and b do not apply, copy line 23 on line 25.
If lines 15a-c do not apply, write the amount from line 14 on line 16. This is	If you think line 26 could apply, see the form instructions.
your adjusted gross income.  Step 6: Figure your taxable income	Add the amounts in box 9 of your Forms W-2. Put the total on line 28a. If you think lines 28b or 28c could apply,
Put the line 16 amount on line 17 too.	see the form instructions.
Look back at line 6. If you did not check box 6a, check the box for line 18b. You probably will not check lines 18a or 18c.	Add lines 28a to 28c. Put the total on line 28d. These are your total payments.
Look back at lines 1-5; see which box you checked.	Step 8: Figure your refund or amount you owe
If you did not check lines 18a, 18b, or 18c then on line 19, put:	Look at lines 28d and 27 again. Check whether line 27 or line 28d is larger.
<ul> <li>\$3,400 if you checked the box on line 1.</li> </ul>	If line 28d is larger, you should complete line 29. Subtract line 27 from line 28d, and put the result on line 29. This
<ul><li>\$5,700 if you checked the box on line 2.</li></ul>	is the amount you overpaid You can choose to have all or part of
■ \$2,850 if you checked the box on line 3.	line 29 refunded to you (line 30). The remainder, if any, can be applied to your estimated tax for 1992 (line 31).
\$5,000 if you checked the box on line 4.	For details, see form instructions.
■ \$5,700 if you checked the box on line 5.	If line 27 is larger, you should complete line 32. Subtract line 28d from line 27, and put the result on line 32.
If you did check line 18b, do the "Standard Deduction Worksheet for	This is the amount you owe.
Dependents" on handout 2C-2. Then, enter your standard deduction on line	Step 9: Sign your return Read the words in bold letters at the
19. Double-check your math for line 20.	bottom of the form. Then sign and date your return, and write in your
Look at line 6e. Multiply line 6e times \$2,150. Put the tota! on line 21.	occupation.
Double-check your math for line 22.	Attach your mailing label. Make any necessary corrections directly on it.
This is your taxable income.	Attach Copy 8 of each Form W-2.
Step 7: Figure your tax, credits, and payments	If you owe more tax, attach your check or money order made payable to "Internal Revenue Service." Write
Find your tax by using the column that applies to you on the Tax Tables and looking for your taxable income (line	your social security number, address, daytime phone number, and "1991 Form 1040A" on it.
22). Check the box for Tax Table, and write the tax on line 23.	Copy the tax return for your records.
THE HE WASHING BY	Mail your return by April 15, 1992.

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**LESSON C: HANDOUT 2X-3** 

#### **Problems**

#### **Problem C1:**

Use the following information to complete Form 1040A for Eric H. Richards. Eric is 16 years old, single, and has good eyesight. He worked as a clerk in a video store. Total wages of \$3,200 were reported on the Form W-2. He can be claimed as a dependent on his parents' return. He wants to contribute \$1 to the Presidential Election Campaign Fund. Here is his full name and address, his social security number, the amount withheld from his pay by his employer, and the interest he received on his savings account at **Bryan National Bank:** 

Eric H. Richards 514 Tenth Street Bryan, KY 54612 SS# 059-00-3212 Amount of federal income tax withheld and reported on Form W-2: \$145

Interest income reported on Form 1099-INT: \$900

#### **Problem C2:**

Use this Form W-2 and Form 1099-INT information to complete Form 1040A for Lisa M. Sample. She is 17 years old, is single, is claimed by her parents as a dependent on their return, and does not want to contribute to the Presidential Election Campaign Fund.

CORRECTED (if checked)

PAYER'S name, street address, city, stat	e, and ZIP code	Payer's RTN (optional)	OMB No. 1545-0112	]	
Garden National 101 Main Street Garden, LA 64312	Bank		1991	Inte	rest Income
PAYER'S Federal identification number 10 – 12 34567	RECIPIENT'S identification number 8 2 1 - 00 - 1 2 3 4	1 Interest income not included i	n Box 3	<b>!</b>	Copy B For Recipient
RECIPIENT'S name	<u> </u>	2 Early withdrawal penalty	3 Interest on U.S. Savi Bonds and Treas. ob	ings	This is important tax information and is
Lisa M. Sample			a de la constantina della constantina della cons	mga tronia	being furnished to the Internal Revenue
Street address (including aptino.) 215 Rogers Street	t	4 Federal Income tax withheld  5 Foreign tax paid		ı.s.	Service, if you are required to file a return, a negligence penalty or other sanction may be
Account number (optional)	<del>-</del>		possession		imposed on you if this income is taxable and the IRS determines that it has not been
Form 1099-INT	- · · · · · · · · · · · · · · · · · · ·		Department of the	Treasury	reported Internal Revenue Service
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#### **LESSON C: HANDOUT 2X-3 Continued:**

#### **Problem C3:**

Please complete a Form 1040A for Sarah M. Pine. She is 17, single, and has good eyesight. She is claimed as a dependent on her mother's return. She wants to contribute \$1 to the Presidential Election Campaign Fund.

She earned \$3,000 as reported on her Form W-2. She also received \$475 of interest income from National Bank.

She lives at 903 West Lane, Jackson, VA 22102. Her social security number is 300-00-0001.

		CORRECTED (if	checked)	_	
PAYER'S name, street address, city, state National Bank Jackson, VA 2210		Payer's RTN (ontional)	19 <b>91</b>	Inte	erest Income
PAYER'S Federal identification number 10-000000	RECIPIENT'3 identification number 000 - 00 - 00 - 00 0 1	1 Interest income not included \$475.00	un Box 3		Copy B For Recipient
RECIPIENT'S name Sarah M. Pine		2 Early withdrawal penalty	3 Interest on U.S. Sav Bonds and Treas, ob		information and is being furnished to the internal Revenue Service. If you are
Street address (including apt. no.) 90 West Lane		4 Federal income tax withhele	William to a miller	Million !	required to file a return, a negligence penalty or other
City, state, and ZiP code Jackson, VA 2210	2	5 Foreign tax paid	6 Foreign country or L possession	1.5.	sanction may be imposed on you if this income is taxable and the IPS determines
Account number (optional) Form 1099-INT		\$	Department of the	Treasury	that it has not been reported.  • In'ernal Revenue Service

1 Control maintain 6 stellar second terms are 40 Subject Defend and appoint of a Afforded to 8 Advance bit payment 2 Employer's name address and ZP Lide A Corp. 100 South 4th Street Tackson, A 22102 9 Federal income tax withheld 10 Mages 10: one concensus 5 1 7 . 00 5 1 , 000 . 00 3. Empire's identification number: 4. Empire in State (D. number: 11. Social security that withheid: 12. Social security wages \$187.50 13.000.00 10-0011222 13 Social security tips 14 Megicare wages and tips 5 Employee's social security number 000-00-0001 19. En plosee share leaders, and Z-P rote 15 Medicare tax withheid 16 Nonqualified plans \$43.50 17 See Instrs for Box 17 16 Other Surah M. Pine 903 West Lane Jackson, TA 22101 21 22 Dependent care benefits 23 Benefits included in Box 10 24 State income tax 25 State wages bus arc 26 Name of state 27 Local income tax 28 Local mages tips etc. 29 Name of locality :3,000.00 Copy & To Be Filed With Employee's FEDERAL Tax Return Department of the Treasury wileternal Revenue Selvice

W-2 Wage and Tax Statement 1991

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UNIT 2



**LESSON A/B/C: HANDOUT 2Q** 

Quiz

#### Quiz Problem A1:

Eric M. Black of 37 North Main, Bryan, KY 54612, is single and expects to earn about \$10,000 this year as a teacher's aide. He earned about \$9,000 last year and did pay income tax. Eric cannot be claimed as a dependent, and he has no dependents. His social security number is 999-00-0721. Fill out a correct Form W-4 for Eric.

#### **Quiz Problem A2:**

Sue N. Jones of 217 West Mill Street, Johnson City, MN 56507, is single and works a few hours each month at the local bowling alley. She paid no income tax last year and expects to earn \$450 this year. She is 17 years old and a full-time student. Her mother claims her as a dependent. She has no other income. Her social security number is 987-00-1200. Fill out a correct Form W-4 for Sue.

#### **Quiz Problem A3:**

Yolanda Moorhead of 1700 North West Street, Washington DC 20215, is single and a full-time student. She expects to earn about \$4,500 this year. Last year she did not receive a refund of all of her vithheld taxes. Her parents claim her as a dependent. Her social security number is 000-00-1202. Can she claim exemption from withholding? Fill out a correct Form W-4 for Yolanda.

#### Quiz Problem A4:

Sam N. Morehead of 3016 No. Main, Chicago, IL 60630, is single and expects to earn about \$4,000 this year at his part-time job. He paid income tax last year—he did not get back all his federal income tax withholding. He is 18-years old and is a full-time student. He lives with his older brother who claims him as a dependent. He has no other income. His social security number is 000-00-1432. Fill out a correct Form W-4 for Sam.





LESSON A/B/C: HANDOUT 2Q Continued:

#### **Quiz Problem B1:**

Complete Form 1040EZ for Brian M. Jones. He is 17 years old, single, and claimed as a Dependent on his parents' return. He does not want to contribute to the Presidential Election Campaign Fund. His Form W-2 shows federal income tax withheld of \$55, wages of \$2,400, and social security tax and Medicare withheld of \$183.60. His address is 6203 Churchill Street, Cincinnati, OH 45203. His social security number is 081-00-0021.

#### **Quiz Problem B2:**

Complete Form 1040EZ for Kristine K. Edwards. She is 18 years old, single, and cannot be claimed as a dependent on another person's tax return. She wants to contribute \$1 to the Presidential Election Campaign Fund. She received a Form W-2 that showed wages of \$7,902, social security tax and Medicare withheld of \$604.50 and federal income tax withheld of \$649. She also received \$28 of interest income from the First State Bank. Her address is 600 West First Street, Atlanta, GA 30303. Her social security number is 981-00-0022.

#### Quiz Problem B3:

Complete Form 1040EZ for Jerry M. Michaels. He is 17 years old, single, and claimed as a dependent on his father's return. He wants to contribute \$1 to the Presidential Election Campaign Fund. He received a Form W-2 showing \$1,800 in wages for the year and \$137.70 in social security tax and Medicare withheld; his federal income tax withholding was \$0, because he had signed "exempt" on his Form W-4. He also received \$40 of interest income. His address is 1701 Adams Street, Chicago, IL 60602. His social security number is 981-00-0023.





**LESSON A/B/C: HANDOUT 2Q Continued** 

#### **Quiz Problem B4:**

Complete Form 1040EZ for Pat M. Jackson. She is 18 years old, single, and cannot be claimed as a dependent on anyone else's return. She received a Form W-2 as shown below. She received no other income. She does not want to contribute to the Presidential Election Campaign Fund.

1	Control number			<del>-</del>						
	· ·	0MB No 1545 000	8							
2	Employer's name, addr	ess. and ZIP code		6 Statutory employee		pian le	٦	942 Sub emp	total Deferred compensation	Void
	ABC Inc.			7 Alloca	ted tips	<u> </u>	<del></del>	8 Advance	e EIC payment	
	700 W. Wash	ington					1			
	Bismarck, N	ID 58501			al income \$145.	tax withh	eld [		ps, other compen 140.00	sation
3	Employer's identification nu 10-1223243	mber 4 Employer's state I D	number	11 Social	security t		ld :		ecurity wages	
5	Employee s social security n	ımberi		13 Socia	I security (	tips		14 Medica	re wages and	tips
	987-00-0001	1		!	~					
19	Employee's name, add	ress, and ZIP code			care tax w \$31.0			16 Nonqua	dified plans	
	Pat M. Jack 1400 W. Was Bismarck, N	hington		17 See Ir	nstrs for E	30x 17		18 Other		
20		21		22 Depe	ndent care	e benefits		23 Benefit	ts included in (	30x 10
24	State income tax 25	State wages, tips, etc. 26 Name of	state	27 Local	income ta	28 Lo	al wag	ges. tips, etc	29 Name of	locality

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Department of the Treasury—Internal Revenue Service

#### Form W-2 Wage and Tax Statement 1991

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**LESSON A/B/C: HANDOUT 2Q Continued** 

#### **Quiz Problem B5:**

Complete Form 1040EZ for Eric Edwards. He is 16 years old, single, and is claimed as a dependent on his parents' return. He does not want to contribute \$1 to the Presidential Election Campaign Fund. He received a Form W-2 showing \$2,642 in wages for the year and \$180 in social security tax withheld. His federal income tax withheld was \$264. He also received interest income of \$310. His address is 12784 Diamond Road, Appleton, WI 22029. His social security number is 987-01-0002.

#### **Quiz Problem B6:**

Complete Form 1040EZ for Valana Cotton. She is 18 years old, single and is claimed as a dependent on her grandmother's return. She received a Form W-2 as shown below. She also received \$9 in interest. She wants to contribute \$1 to the Presidential Election Campaign Fund.

1	Control number	
	0MB No 1545 0008	
2	Employer's name, address, and ZIP code	6 Statutory Deceased Pension Legal 942 Subtotal Deterred Voice employee plan rep emp compensation
	Acme Company	7 Allocated tips 8 Advance EIC payment
	3415 Jefferson Avenue	
	Atlanta, GA 30305	9 Federal income tax withheld \$231.00 \$3,467.00
3	Employer's identification number 4 Employer's state   D number 10-1234567	11 Social security tax withheld \$216.69 \$3,467.00
5	Employee's social security number 000-00-6539	13 Social security tips 14 Medicare wages and tips
19	Employee's name, address, and ZIP code	15 Medicare tax withheld \$50.27
	Valana Cotton 1720 Jefferson Avenue Atlanta, GA 30305	17 See Instrs. for Box 17 18 Other
20	21	22 Dependent care benefits 23 Benefits included in Box I
24	State income tax 25 State wages, tips etc 26 Name of state -0- \$3,467.00 GA	27 Local income tax 28 Local wages, tips, etc. 29 Name of local
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UNIT 2



LESSON A/B/C: HANDOUT 2Q Continued

#### **Quiz Problem C1:**

Complete Form 1040A for Susan M. Thomas. She is 17 years old, single, and has good eyesight. She is claimed as a dependent on her mother's return. She wants to contribute \$1 to the Presidential Election Campaign Fund. She earned \$2,900 as reported on her Form W-2. She also received \$475 of interest income from National Bank. She had \$137 of Federal income tax and \$221.85 of social security tax and Medicare withheld from her wages. She lives at 903 West Lane, Jackson, VA 22102. Her social security number is 912-00-0001.

#### **Quiz Problem C2:**

Complete Form 1040A for James C. Door. He is 18 years old, single, and claimed as a dependent on his father's tax return. He wants to contribute \$1 to the Presidential Election Campaign Fund. James earned \$2,800 in wages. He had \$220 of federal income tax and \$214.20 of social security tax and Medicare withheld from his wages. He received \$442 of interest income from First Commercial Bank. He lives at 120 East Lane, Jefferson, OH 45207. His social security number is 987-00-0012.

#### **Quiz Problem C3:**

Complete Form 1040A for Jane A. Olsen. She is 16 years old, single, and claimed as a dependent on her parents' return. She does not want to contribute to the Presidential Election Campaign Fund. Jane earned \$2,100 in wages. She had no federal income tax withheld and \$160.65 of social security tax and Medicare withheld from her wages. She received \$405 in interest income from First State Bank. Her address is 1700 Montana Avenue, Philadelphia, PA 19108. Her social security number is 900-00-0101.





**LESSON A/B/C: HANDOUT 2Q Continued** 

#### Quiz Problem C4:

Complete Form 1040A for Gayle A. Andrews. She is 17 years old, single, and cannot be claimed as a dependent on anyone else's return. She received the Form W-2 shown below. She also received \$407 in interest income from XYZ Credit Union. She wishes to contribute to the Presidential Election Campaign Fund.

1	Control number							
2	Employer's name, ad  XYZ Inc.  600 W. Ada	dress, and ZIP code	OMB No 1545 0008	6 Statutory Deceased employee 7 Allocated tips	Pension Legal plan rep			
	Pierre, SI			9 Federal income \$101			ps. other compensation , 950 - 00	
3	Employer's identification 10-1212121	number 4 Employ	yer's state I D. number	11 Social security \$121		I .	ecurity wages , 950 . 00	
5	Employee's social security			13 Social security	tips	14 Medica	re wages and tips	
19	Employee's name, ac	ddress, and ZIP code	!	15 Medicare tax \$28.		16 Nonqualified plans		
	Gayle A. A 1700 W. Ja Pierre, SI	ackson		17 See Instrs. for	Box 17	18 Other		
20		21		22 Dependent ca	re benefits	23 Benefit	ts included in Box 10	
24	State income tax 25	5 State wages, tips, etc	26 Name of state	27 Local income	tax 28 Local w	ages, tips, etc	29 Name of locality	
1								

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Department of the Treasury-Internal Revenue Service

#### Form W-2 Wage and Tax Statement 1991

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#### **Quiz Problem C5:**

Complete Form 1040A for Michael H. Isanti. He is 17 years old, single, and claimed as a dependent on his mother's tax return. He wants to contribute to the Presidential Election Campaign Fund. He earned \$2,450 in wages; from this, \$187.43 in social security tax and Medicare was withheld, and \$180 in income tax was withheld. He received \$508 interest from First Bank. His address is 550 West St., St. Paul, MN 55101. His social security number is 900-00-0202.

UNIT 2



# 19**92** Form W-4



Purpose, Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay.

Exemption From Withholding. Read line 7 of the certificate below to see if you can claim exempt status. If exempt, complete line 7; but do not complete lines 5 and 6. No Federal income tax will be withheld from your pay. Your exemption is good for one year only. It expires February 15, 1993.

Basic Instructions. Employees who are not exempt should complete the Personal Allowances v. orksheet. Additional worksheets are provided on page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply to your situation. The worksheets will help you figure

the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances than this.

Head of Household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nonwage Income, If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may find that you owe additional tax at the end of the year.

Two-Earner/Two-Jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form

W-4: This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Advance Earned Income Credit. If you are eligible for this credit, you can receive it added to your paycheck throughout the year. For details, get Form W-5 from your employer.

Check Your Withholding. After your W-4 takes effect, you can use Pub. 919, is My Withholding Correct for 1992?, to see how the dollar amount you are having withheld compares to your estimated total annual tax. Call 1-800-829-3676 to order this publication. Check your local telephone directory for the IRS assistance number if you need further help.

#### **Personal Allowances Worksheet**

For 1992, the value of your personal exemption(s) is reduced if your income is over \$105,250 (\$157,900 if married filing jointly, \$131,550 if head of household, or \$78,950 if married filing separately). Get Pub. 919 for details.

		married filing sepa	arately). Get Pub. 919 for details.	
	Enter "1" for vou	urself if no one else can claim you as a de	ependent	A
		<ul> <li>You are single and have only one job; or</li> </ul>		}
В	1	<ul> <li>You are married, have only one job, and</li> </ul>		} B _, _
		<ul> <li>Your wages from a second job or your spi</li> </ul>	ouse's wages (or the total of both) are \$1,000	or less.
С	Enter "1" for you	ur spouse. But, you may choose to enter	-0- if you are married and have either a w	orking spouse or
			le tax withheld)	
D	Enter number of	dependents (other than your spouse or y	ourself) whom you will claim on your tax re	tum D
E			return (see conditions under "Head of Hou	
F	Enter "1" if you I	have at least \$1,500 of child or depender	nt care expenses for which you plan to cla	im a credit F
G	Add lines A through		e different from the number of exemptions you clai	
	1	• If you plan to itemize or claim adjust	ments to income and want to reduce your	withholding, see the Deductions
	For accuracy,	and Adjustments Worksheet on page 2.		# 151 50 000 OD W
	do all	If you are single and have more than	one job and your combined earnings from	n all jobs exceed \$29,000 OR it
	worksheets		<b>ouse or more than one job,</b> and the combin Norksheet on page 2 if you want to avoid h	
	that apply.		s, stop here and enter the number from line G	
	<u> </u>	• If fielther of the above situations applies	s, stop here and enter the nomber from line c	Of the S of Coll W + Solow.
	partment of the Treasury	1	Iding Allowance Certificate	OMB No. 1545-0010
Inte	rnai Revenue Service		rwork Reduction Act Notice, see reverse.	
1	Type or print y	our first name and middle initial	Last name	2 Your social security number
		(acceptance and attack or minel recite)		
	Home address	s (number and street or rural route)	3 Single Married Married Married Married Married Li Married, but legally separated, or spous	ied, but withhold at higher Single rate. e is a nonresident alien, check the Single box.
	City or town, s	state, and ZIP code	4 If your last name differs from the	· · · · · · · · · · · · · · · · · · ·
			check here and call 1-800-772-12	13 for more information 🕟 🗀
5	Total number	of allowances you are claiming (from line G	above or from the Worksheets on back if t	hey apply) 5
6	Additional amo	ount, if any, you want deducted from each	n paycheck	6 \$
7			neet ALL of the following conditions for exe	
			ome tax withheld because I had NO tax liat	
			x withheld because I expect to have NO tax	
	•	•	rage income, another person cannot claim me	
		of the above conditions, enter the year e	Hoomito dila Esterio I Horo	7   19
8		ting student? (Note: Full-time students are	tholding allowances claimed on this certificate or ent	8 Yes No
Un	der heugings of hetin	iy. I certify that I am chilied to the number of with	morening anowarious orannos on this continuate or one	mod to ording overlibt states.
E.				
	nployee's signatu	re <b>&gt;</b>	Date ►	, 19

01111	Deductions and Adjustments Worksheet		
Note:	Use this worksheet only if you plan to itemize deductions or claim adjustments to income on your 1992 tenter an estimate of your 1992 itemized deductions. These include: qualifying home mortgage interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 1992, you may have to reduce your itemized deductions if your income is over \$105,250 (\$52,625 if married filing separately). Get Pub. 919 for details.)	ax ret	urn. \$
2	Enter:   \$6,000 if married filing jointly or qualifying widow(er) \$5,250 if head of household \$3,600 if single \$3,000 if married filing separately	2	\$
3	Subtract line 2 from line 1. If line 2 is greater than line 1, enter -0	3	\$
4	Enter an estimate of your 1992 adjustments to income. These include alimony paid and deductible IRA contributions	4	\$
5	Add lines 3 and 4 and enter the total	5	\$
6	Enter an estimate of your 1992 nonwage income (such as dividends or interest income)	6	\$
7	Subtract line 6 from line 5. Enter the result, but not less than -0	7	\$
8	Divide the amount on line 7 by \$2,500 and enter the result here. Drop any fraction	8	
9	Enter the number from Personal Allowances Worksheet, line G, on page 1	9	
10	Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet. also enter the total on line 1, below. Otherwise, <b>stop here</b> and enter this total on Form W-4, line 5, on page 1	10	
	Two-Earner/Two-Job Worksheet		
Note	: Use this worksheet only if the instructions for line G on page 1 direct you here.		
1	Enter the number from line G on page 1 (or from line 10 above of you used the Deductions and Adjustments Worksheet)	1	
2	Find the number in Table 1 below that applies to the LOWEST paying job and enter it here	2	
3	If line 1 is <b>GREATER THAN OR EQUAL TO</b> line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4, line 5, on page 1. <b>DO NOT</b> use the rest of this worksheet	3	
Note	the additional dollar withholding necessary to avoid a year-end tax bill.		
4	Enter the number from line 2 of this worksheet	4	
5	Enter the number from line 1 of this worksheet	5	
6	Subtract line 5 from line 4	6	
7	Find the amount in Table 2 below that applies to the HIGHEST paying job and enter it here	7	\$
8	Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding amount needed	8	<u>\$</u>
9	Divide line 8 by the number of pay periods remaining in 1992. (For example, divide by 26 if you are paid every other week and you complete this form in December of 1991.) Enter the result here and on Form	_	•
	W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck	9	_\$

<u> 18</u>	DK	<del>9</del> 1	: 1	<u>wo</u>	-Larne	r/Two-Job Worksheet
Married	l Fi	ling	J	oint	y	All Others
If wages from LOV paying job are—	VES	T			er on 2 above	If wages from LOWEST Enter on paying job are— line 2 above
0 - \$4.000 .		•	<u> </u>		0	0 - \$6,000 0
4,001 - 8.000.					1	6.001 - 10,000 1
8.001 - 13.000 .					2	10.001 - 14.000 2
13,001 - 18,000.		i.			3	14,001 - 18.000 3
18,001 - 22,000 .					4	18.001 - 22.000 4
22.001 - 26.000.					5	22,001 - 45,000 5
26.001 - 30.000.					6	45.001 and over 6
30,001 - 35,000.					7	
35,001 - 40,000					8	1
40,001 - 60.000					9	
60.001 - 80.000					10	
80,001 and over.					11	1

Table 2:	Two-Earne	r/Two-Job Workshee	et			
Married Filing	Jointly	All Others				
If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above			
0 - \$50,000	\$340 640 710	0 - \$27,000 27.001 - 58.000 58.001 and over	. \$340 . 640 . 710			

Privacy Act and Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a completed form will result in your being treated as a single person who claims no withholding allowances. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping 46 min., Learning about the law or the form 10 min., Preparing the form 70 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the Internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the Office of Management and Budget, Paperwork Reduction Project (1545-0010), ashington, DC 20503. DO NOT send the tax form to either of these offices. Instead, give it to your employer.

Form

Income Tax Return for Single Filers With No Dependents 1040EZ

1991

OMB No. 1545-0675

Name &	Us	e the IRS label (see page 10). If you	don't have one, please print.	Please print your numbers like this:
address.	L A E	Print your name (first, initial, last)		
•	l.	Home address (number and street) (If you have a	a P.O box. see page 11.1 Apt. no.	Your social security number
	£	₹	ou have a foreign address, see page 11.1	
		ease see instructions on the ba	ick. Also, see the	Yes No
	_	esidential Election Campaign (s	see page 11) Note: Checking "Yes" will not change your tax or	
	Do	you want \$1 to go to this fund?	reduce your refund.	Dollars Cents
Report your income	1	Total wages, salaries, and tips. T Box 10 of your W-2 form(s). (Atta	This should be shown in ach your W-2 form(s).)	$\Box$ , $\Box$
Attach Copy B of Form(s) W-2 here.	2	Taxable interest income of \$400 than \$400, you cannot use Form		
Attach tax payment on top of Form(s) W-2.	3	Add line 1 and line 2. This is you		
Note: You must check Yes or No.	4	Sun your position to be substituted in	enter amount from line E here. the total of your	
	5	Subtract line 4 from line 3. If line enter 0. This is your taxable in		
Figure your tax	6	Enter your Federal income tax wyour W-2 form(s).	withheld from Box 9 of	
	7	Tax. Use the amount on line 5 table on pages 16-18 of the book table on this line.	to find your tax in the tax let. Enter the tax from the	
Refund or amount	8	If line 6 is larger than line 7, su This is your <b>refund.</b>	obtract line 7 from line 6.	
you owe	9	If line 7 is larger than line 6, subtract amount you owe. Attach your payme "Internal Revenue Service." Write your number, daytime phone number, and "	ent full amount payable to the roame, address, social security	
Sign your return	ti	have read this return. Under penat to the best of my knowled rue, correct, and complete.	ge and belief, the return i	For IRS Use Only—Please do not write in boxes below
Keep a copy of this form	Y	our signature	Date	
for your records.	Х	•	Your occupation	سط اسما اسما اسما سما رسما رسم رسما
	2	<u></u>		



#### Instructions for Form 1040EZ

### Use this form if

1991

- Your filing status is single.
- You were under 65 and not blind at the end of 1991.
- You do not claim any dependents.
- Your taxable income (line 5) is less than \$50,000.
- You had **only** wages, salaries, tips, and taxable scholarship or fellowship grants, and your taxable interest income was \$400 or less. Caution: If you earned tips (including allocated tips) that are not included in Box 13 and Box 14 of your W-2, you may not be able to use Form 1040EZ. See page 12 in the booklet.
- You did not receive any advance earned income credit payments.

If you are not sure about your filing status, see page 6 in the booklet. If you have questions about dependents, see Tele-Tax (topic no. 155) on page 25 in the booklet.

If you can't use this form, see Tele-Tax (topic no. 152) on page 25 in the booklet.

### Completing your return

Please print your numbers inside the boxes. Do not type your numbers. Do not use dollar signs.

Most people can fill out the form by following the instructions on the front. But you will have to use the booklet if you received a scholarship or fellowship grant or tax-exempt interest income (such as on municipal bonds). Also use the booklet if you received a 1099-INT showing income tax withheld (backup withholding) or if you had two or more employers and your total wages were more than \$53,400.

**Remember,** you must report your wages, salaries, and tips even if you don't get a W-2 form from your employer. You must also report all your taxable interest income, including interest from savings accounts at banks, savings and loans, credit unions, etc., even if you don't get a Form 1099-INT.

If you paid someone to prepare your return, that person must also sign it and show other information. See page 15 in the booklet.

#### Standard deduction worksheet for dependents who checked "Yes" on line 4

Fill in this worksheet to figure the amount to enter on line 4 if someone can claim you as a dependent (even if that person chooses not to claim you).

- A. Enter the amount from line 1 on front.

B. Minimum amount.

- **B.** 550.00
- C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.
- C. \_\_\_\_\_

D. Maximum amount.

- **D.** 3,400.00
- E. Compare the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on line 4 on front.

E. \_\_\_\_\_

If you checked "No" because no one can claim you as a dependent, enter 5,550.00 on line 4. This is the total of your standard deduction (3,400.00) and personal exemption (2,150.00).

# Avoid common mistakes

- 1. Are your name, address, and social security number on the label correct? If not, did you correct the label?
- 2. If you didn't get a label, did you enter your name, address (including ZIP code), and social security number in the spaces provided on page 1 of Form 1040EZ?

This checklist is to help you make sure that your form is filled out correctly.

- 3. Did you check the "Yes" box on line 4 if your parents (or someone else) can claim you as a dependent on their 1991 return (even if they choose not to claim you)? If no one can claim you as a dependent, did you check the "No" box?
- 4. Did you enter an amount on line 4? If you checked the "Yes" box on line 4. did you fill out the worksheet above to figure the amount to enter? If you checked the "No" box, did you enter 5,550.00?
- 5. Did you check your computations (additions, subtractions, etc.) especially when figuring your taxable income, Federal income tax withheld, and your refund or amount you owe?
- 6. Did you use the amount from **line 5** to find your tax in the tax table? Did you enter the correct tax on line 7?
- 7. Did you attach your W-2 form(s) to the left margin of your return? And, did you sign and date Form 1040EZ and enter your occupation?

#### Mailing your -->turn

Mail your return by April 15, 1992. Use the envelope that came with your booklet. If you don't have that envelope, see page 19 in the booklet for the address to use.

135

1040A

U.S. Individual Income Tax Return

1991

OMB No. 1545-0085

	16% Metulli										
Step 1	Your first name and initial	Lui	st name		Your	ocial security no.					
(See page 16.)  Use the IRS	If a joint return, spouse's first name and initia	l La	st name		Spous	e's social security no.					
label. Otherwise. please print or type.	Home address (number and street). (If you have			Apt. no.	and	Privacy Act l Paperwork					
or type.	City, town or post office, state, and ZIP code. (				No	duction Act tice, see page 3.					
	Presidential Election Campa Do you want \$1 to go to this If joint return, does your spous	tund?		. □ Yes □ d? □ Yes □	No will	te: Checking "Yes" I not change your tax educe your refund.					
Step 2 Check your	<ul><li>1 □ Single</li><li>2 □ Married filing joint r</li></ul>	eturn (eve	n if only one ha	d income)	•						
filing status (Check only one.)	above and spouse's fi	ren and a second and a second and a second and a second and a second and a second and a second and a second and									
	<ul> <li>Head of household (very child but not your deals)</li> <li>Qualifying widow(er)</li> </ul>	nendent e	enter this child's	s name here 🕨	·						
Step 3	6a Vourself. If your parent (	or someone els		a dependent on his	or her tax	No. of boxes checked on 6a and 6b					
Figure your exemptions (See pag. 20.)	b Spouse C Dependents: (1) Name (first, initial, and last name	if under	(3) If age 1 or older, dependent's social security number	(4) Dependent's relationship to you	(5) No. of month lived in your home in 1991	6c who:					
If more than seven dependents,						lived     with you      didn't live     with you due					
see page 23.			1 1			to divorce or separation (see page 23)					
	d If your child didn't liv	we with ve	ny hut is claim	ned as vour		No. of other dependents listed on 6c					
	dependent under a pre- e Total number of exemp	1985 agree tions claim	ment, check he	re <b>&gt;</b>		Add numbers entered on lines above					
Step 4 Figure your	W-2 form(s). (Attach Fo	Wages, salaries, tips, etc. This should be shown in Box 10 of your W-2 form(s). (Attach Form(s) W-2.)  Taxable interest income (see page 26). (If over \$400, also complete									
total income	and attach Schedule 1,  b Tax-exempt interest. (DO	Part I.)									
Attach Copy B	9 Dividends. (If over \$400,				t II.) 9						
of your Forms W-2 and 1099-R	10a Total IRA distributions. 10a		10b	Taxable amo		,					
here.	11a Total pensions and annuities. 11a		11b	Taxable amo	unt						
Attach check or money order on	12 Unemployment compen	sation (ins	urance) from Fo								
top of any Forms W-2 or 1099-R.	13a Social security benefits. 13a		13b	Taxable amo (see page 31		o					
	14 Add lines 7 through 13b (f			total income.	▶ 14						
Step 5 Figure your	b Spouse's IRA deduction from sheet. Note: Rules for IRA	from appli	cable work-	5b							
adjusted gross	c Add lines 15a and 15b.	These are	your total adj	ustments.	15	c					
income	Subtract line 15c from li (If less than \$21,250, see	me. ▶ 16									



Cat. No. 11327A

<u> 1991                                  </u>	For	m 1040A			CHARLAN SA		Page 2
Step 6	17	Enter the amount from line 16.				17	
	b	Check   You were 65 or older   Blind    If your parent (or someone else) can claim y  check here  If you are married filing separately and your  1040 and itemizes deductions, see page 37 and	ou as a depende	► 18a L nt, ► 18b rm			
Figure your standard deduction,	19	Enter the standard deduction shown be But if you checked any box on line 18 find your standard deduction. If you che	elow for your fi Sa or b, go to p cked box 18c,	ling statu age 37 to			
		<ul> <li>Single—\$3,400</li> <li>Head of household</li> <li>Married filing jointly or Qualifying wid</li> <li>Married filing separately—\$2,850</li> </ul>	ow(er)—\$5,700		2	19	<u> </u>
exemption	20	Subtract line 19 from line 17. (If line 19 is				20	+-
amount, and taxable income	2 <u>1</u> 22	Multiply \$2,150 by the total number of exe.  Subtract line 21 from line 20. (If line 21 is matching is your taxable income.			e. ▶	21	+-
Step 7	23	Find the tax on the amount on line 22.		20)		<u></u>	$\top$
Figure your tax, credits, and payments		☐ Tax Table (pages 44-49) or ☐ Form 8  Credit for child and dependent care expense  Complete and attach Schedule 2.  Credit for the elderly or the disabled.	ses. 24a	39)		23	<u> </u>
If you want the IRS to figure your tax, see the instructions	25 26	Complete and attach Schedule 3.  Add lines 24a and 24b. These are your to Subtract line 24c from line 23. (If line 24c is a Advance earned income credit payments	more than line 23		.)	24c 25 26	
for line 22 on page 38.	27 28a	Add lines 25 and 26. This is your total total Federal income tax withheld. (If an tax is from Form(s) 1099, check here ► 1991 estimated tax payments and amount	a <b>x.</b> ny ] .) 28a nt		<b>&gt;</b>	27	
		applied from 1990 return.  Earned income credit. Complete and attach Schedule EIC.  Add lines 28a, 28b, and 28c. These are years.				28d	<del> </del>
Step 8 Flgure your	<b>29</b>	If line 28d is more than line 27, subtract li This is the amount you overpaid.	ne 27 from line	28d. 		29	
refund or amount you owe	<u>30</u> 31	Amount of line 29 you want refunded to you want applied to you want applied to you set imated tax.				30	
Attach cleck or money order on top of Form(s) W-2, etc., on page 1.	32	If line 27 is more than line 28d, subtract line amount you owe. Attach check or money or the "Internal Revenue Service." Write your n number, daytime phone number, and "1991 Estimated tax penalty (see page 43).	28d from line 27 der for full amou ame, address, soo	int payable rial securit	to	32	
Step 9	L'nder ner	nalties of perjury, I declare that I have examined this return as they are true, correct, and complete. Declaration of prepares	nd accompanying sche	dules and stat lyer) is based	ements on all i	s, and to the best of my kinformation of which the	nowledge prepare
Sign your roturn	has any k	signature	Date	Your occupat			-
Keep a copy of this return for your records.	Spour	se's signature (if joint return, BOTH must sign)	Date	Spouse's occu	pation		
Paid preparer's		me (or yours	Date	Check if self-employed		Preparer's social secur	rity no.
use only	if self-emp	ployed) and		ZIP code		والمستوالين والم والمستوالين والمستوالين والمستوالين والمستوالين والمستوالين و	

Interest and Dividend Income for Form 1040A Filers

1991

OMB No. 1545-0085

Name(s) shown on Form 1040A

Your social security number

#### Part I

#### Interest income

(See pages 26 and 50.)

Complete this part and attach Schedule 1 to Form 1040A if:

- You have over \$400 in taxable interest, or
- You are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989. If you are claiming the exclusion or you received, as a nominee, interest that actually

brokerage firm, enter the firm's name and the total interest shown on that form.

belongs to another person, see page 50. Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement, from a

1	List name of payer		Amount	
	DIGO statute of ball and	1		
				T
				T
				Ī
2	Add the amounts on line 1.	2		
3	Enter the excludable savings bond interest, if any, from Form			
3	8815, lit. e 14. Attach Form 8815 to Form 1040A.	3_		
4	Subtract line 3 from line 2. Enter the result here and on Form			
7	1040A, line 8a.	4	·	<u> </u>

#### Part II

#### Dividend Income

(See pages and 51.)

Complete this part and attach Schedule 1 to Form 1040A if you received over \$400 in dividends. If you received, as a nominee, dividends that actually belong to another person, see page 51. Note: If you received a Form 1099-DIV, or substitute statement, from a brokerage firm, enter the firm's name and the total dividends shown on that form.

26	5	List name of payer		Amount	
		Die stanie de pay de	5		
	-				
	<del></del>				
		· · · · · · · · · · · · · · · · · · ·			
	6	Add the amounts on line 5. Enter the total here and on Form	_ <u></u>		
	v	1040A, line 9.	6		
			G. badala	. 1 (Eas. 1040A)	. 100



1	Control number						
			OMB No. 1545-0008	To our new 1 /	D	040 01	Askal Defermed Maid
2	Employer's name, ad	dress, and ZIP code		6 Statutory Deceased 6	Pension Legal plan rep.	942 Sub emp.	total Deferred Void compensation
				7 Allocated tips		8 Advance	EIC payment
				9 Federal income	tax withheld	10 Wages, ti	ps, other compensation
3	Employer's identification	number 4 Employ	er's state I.D. number	11 Social security	tax withheld	12 Social s	ecurity wages
5	Employee's social securit	ynumber		13 Social security	tips	14 Medicar	e wages and tips
19	Employee's name, ac	ddress, and ZIP code	1	15 Medicare tax	withheld	16 Nonqual	ified plans
				17 See Instrs. for E		18 Other	
20 ////		21		22 Dependent care	e benefits	23 Benefits	included in Box 10
24	State income tax 2!	5 Statewages, tips, etc.	26 Name of state	27 Local income to	ax 28 Localwa	iges, tips, etc.	29 Name of locality
						·	

Copy B To Be Filed With Employee's FEDERAL Tax Return

Department of the Treasury-Internal Revenue Service

### Form W-2 Wage and Tax Statement 1991

This information is being furnished to the Internal Revenue Service.

		CORRECTED (if	checked)		
PAYER'S name, street address, city, statu	e, and ZIP code	Payer's RTN (optional)	OMB No. 1545-0112	]	
			19 <b>91</b>	Inte	erest Income
PAYER'S Federal Identification number	RECIPIENT'S identification number	1 interest income not included \$	in Box 3		Copy B For Recipient
RECIPIENT'S name		2 Early withdrawal penalty	3 Interest on U.S. Sev Bonds and Trees. ob	ings digations	This is important tax information and is being furnished to the internal Revenue
Street address (including apt. no.)		4 Federal income tax withheld			Service. If you are required to file a return, a negligence penalty or other
City, state, and ZiP code		5 Foreign tax paid	6 Foreign country or U possession	J.S.	sanction may be imposed on you if this income is taxable and
Account number (optional)		s			the IRS determines that it has not been reported.

Form 1099-INT

Department of the Treasury - Internal Revenue Service



Name(s) shown on Form 1040A

Department of the Treasury—Internal Revenue Service

Child and Dependent Care Expenses for Form 1040A Filers

1991

OMB No. 1545-0085

Your social security number

				1 4	amalata Danta I	and II below Bu	+ ; f								
	yo	u received employ	er-provided depe	endent care credit, condent care benefits, for you received employ	arst complete Pa	art III on the bac	CK.								
	on	lly complete Part I	below and Part	III on the back.											
1	Cau is le	t <b>ion:</b> If you have o ss than \$21,250, se	a child who was se page 51 of the	born in 1991 and the instructions before co	mpleting this sc	neaute.									
Part I	1_	(a) Name		(number, street, apt. no., eate, and ZIP code)	(c) Identifying number (SSN or E										
ersons or rganizations															
rho provided he care															
ou MUST	2	(If you need more Add the amounts	space, use the be in column (d) of	ottom of page 2.)		2									
art. (See age 52.)	Note: If you paid cash wages of \$50 or more in a calendar quarter to an individual for services performed in your home, you must file an employment tax return. Get Form 942 for details  3 Enter the number of qualifying persons cared for in 1991. You must														
Part II	3	have shared the s	ame home with t	the qualifying person	91. You must										
redit for child	(See page 53 for the definition of a qualifying person.)														
nd dependent are expenses	4	4 Enter the amount of qualified expenses you incurred and actually paid in 1991. See page 54 to find out which expenses qualify.													
•				I on page 2, DO NOT											
		this line any exclu				4	<u> </u>								
	5	Enter \$2,400 (\$4,50) of two or more qu													
	6	6 If you completed Part III on page 2, enter the excluded benefits, if any, from line 23.													
	7	Subtract line 6 fro STOP HERE; you	- 7												
	8	Compare the amounts on lines 4 and 7. Enter the smaller of the two amounts here.													
	9	You must enter your earned income. (See page 54 for the definition of earned income.)													
		Note: If you are not filing a joint return, skip line 10 and go to line 11.													
	10	If you are married filing a joint return, you must enter your spouse's earned income. (If your spouse was a full-time student or													
	11			return, compare the		10									
	والبطو	lines 8, 9, and	10. Enter the sm	nallest of the three a	mounts here.										
		• All others, com		s on lines 8 and 9. E		11									
	12	Enter the amoun	t from Form 104	0A, line 17. 12											
	13	Enter the decima amount on line 1		he table below that a	pplies to the										
		If line 12 is—	Decimal	If line 12 is—	Decimal										
		But not Over over	amount	But not Over over	amount is—										
			is												
		\$010,000 10,00012,000	.30 .29	\$20,000—22,000 22,000—24,000	.24 .23										
		12,000-14,000	.29	24,000—26,000	.23 .22										
		14,000—16,000	.27	26,00028,000	.21										
		16,00018.000	.26	28,000-No limi											

.25

result here and on Form 1040A, line 24a.

14 Multiply line 11 above by the decimal amount on line 13. Enter the

18,000-20,000

140

13



Page 2

Employer-
provided
dependent
care benefits
care neuelira

Part III

Complete this part only if you received employer-provided dependent care benefits. Also, be sure to complete Part I.

15	Enter the total amount of employer-provided dependent care benefits you received for 1991. (This amount should be shown in Box 22 of your W-2 form(s).) DO NOT include amounts that were	
	reported to you as wages in Box 10 of Form(s) W-2.	15
16	Enter the amount forfeited, if any. (See the instructions.)	16
17	Subtract line 16 from line 15.	17
18	Enter the total amount of qualified expenses incurred in 1991 for the care of a qualifying person. (See the instructions.)	18
19	Compare the amounts on lines 17 and 18. Enter the <b>smaller</b> of the two amounts here.	19
20	You must enter your earned income. (See the instructions for lines 9 and 10 for the definition of earned income.)	20
21	If you were married at the end of 1991, you must enter your spouse's earned income. (If your spouse was a full-time student or disabled, see the instructions for lines 9 and 10 for the amount to enter.)	21
22	<ul> <li>If you were married at the end of 1991, compare the amounts on lines 20 and 21. Enter the smaller of the two amounts here.</li> <li>If you were unmarried, enter the amount from line 20 here.</li> </ul>	22
23	Excluded benefits. Enter here the smallest of the following:	
	• The amount from line 19, or	
	• The amount from line 22, or	1
	• \$5,000 (\$2,500 if married filing a separate return).	23
24	Taxable benefits. Subtract line 23 from line 17. Enter the result. (If line 23 is more than line 17, enter -0) Also, include this amount in the total on Form 1040A, line 7. In the space to the left of line 7, write "DCB."	24
	Note: If you are also claiming the child and dependent care credit, fill	in Form 1040A

through line 23. Then complete Part II of this schedule.

14:



Name(s) shown on Form 1040A

Credit for the Elderly or the Disabled for Form 1040A Fliers

1991

OMB No. 1545-0085

Your social security number

	You may be able to use Schedule 3 to reduce your tax if by the end of 1991:												
	• You were age 65 or older,	OR • You dis	ı were under age 65, you retir ability, and you received taxa	ed on <b>permanent</b> able disability inco	and total me.								
	But you must also meet other tests. See the separate instructions for Schedule 3.												
	Note: In most cases, the IRS can figure the credit for you. See page 39 of the Form 1040A instructions.												
Part I	If your filing status is:	And by	the end of 1991:	Check on	y one box:								
Check the box for your filing status and age	Single, Head of household, or Qualifying widow(er) with dependent child	2 You v	vere 65 or older	ed on permanent	1 🗆								
	Married filing a joint return	only one spouse sability  I both retired on total disability the other spouse was and total disability	3										
	Married filing a separate return	spous 9 You v total	vere 65 or older and you did note at any time in 1991.  were under 65, you retired or disability, and you did not live y time in 1991.	n permanent and with your spouse	8 🗆 9 🗆								
	If you checked Box 1, 3, 7, or 8, skip Part II and complete Part III on the back. All others, complete Parts II and III.												
Part II Statement of permanent and total disability Complete this part only if	or you filed a statement, a B on the statement, a 2 Due to your continue substantial gainful a • If you checked this box, yo • If you did <b>not</b> check this be	ent for tax y AND ed disabled ctivity in 1 ou do not h ox, have yo	t for this disability for 1983 of years after 1983 and your phy condition, you were unable 991, check this box	to engage in any to for 1991. wing statement:									
you checked Box 2, 4, 5, 6,	Physician's statement (See instructions at bottom of page 2.)												
or 9 above.	disabled on the date he or she re	Name of disabled person was permanently and totally disabled on January 1, 1976, or January 1, 1977, OR was permanently and totally disabled on the date he or she retired. If retired after December 31, 1976, enter the date retired   Physician: Sign your name on either line A or B below.											
	A The disability has lasted, or last, continuously for at lea												
	B There is no reasonable pr	obability th	at the Physician's	signature	Date								
	disabled condition will ever	improve.	Physician's a	signature	Date								
	Physician's name		Physician's address										
					45454145								



Schedule 3 (Form 1040A) 1991

Part III
Figure your
credit

A) 1991			Page 2
10	If you checked (in Part I):       Enter:         Box 1, 2, 4, or 7	10	
	Caution: If you checked Box 2, 4, 5, 6, or 9 in Part I, you MUST complete line 11 below. Otherwise, skip line 11 and enter the amount from line 10 on line 12.		
11	If you checked Box 6 in Part I, enter on line 11 the taxable disability income of the spouse who was under age 65 PLUS \$5,000. Otherwise enter on line 11 your taxable disability income (and also your spouse's if you checked Box 5 in Part I) that you reported on Form 1040A. (Formore details on what to include, see the instructions.)	8	
12	If you completed line 11 above, compare lines 10 and 11, and ente the smaller of the two amounts here. Otherwise, enter the amount from line 10.	r 12	
13	Enter the following pensions, annuities, or disability income that you (and your spouse if you file a joint return) received in 1991 (see instructions):		
а	Nontaxable part of social security benefits, and Nontaxable part of railroad retirement benefits treated as social security.  13a		
b	Nontaxable veterans' pensions and any other pension, annuity, or disability benefit that is excluded from income under any other provision of law.		
C	Add lines 13a and 13b. (Even though these income items are not taxable, they must be included here to figure your credit.) If you		

	did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c.	13c	
14	Enter the amount from Form 1040A, line 17.	14	
15	If you checked (in Part I):       Enter:         Box 1 or 2       \$7,500         Box 3, 4, 5, 6, or 7       \$10,000         Box 8 or 9       \$5,000	15	
16	Subtract line 15 from line 14. If line 15 is more than line 14, enter -0	16	
17	Divide line 16 above by 2.	17	

Add lines 13c and 17.

19	Subtract line 18 from line 12. If the result is zero or less, stop here; you cannot take the credit. Otherwise, go to line 21.	19	
20	Decimal amount used to figure the credit.	20	× .15
21	Multiply line 19 above by the decimal amount (.15) on line 20.  Enter the result here and on Form 1040A, line 24b.	21	

#### instructions for physician's statement

Taxpayer.—If you retired after December 31, 1976, enter the date you retired in the space provided in Part II.

Physician.—A person is permanently and totally disabled if both of the following apply:

- 1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition, and
- 2. A physician determines that the disability has lasted, or can be expected to last, continuously for at least a year or can lead to death.



18

#### Step 6

Figure your standard deduction, exemption amount, and taxable income—
Lines 17–22

#### Line 18a

If you were age 65 or older or blind, check the appropriate boxes. If you were married and claim an exemption for your spouse, and your spouse was age 65 or older or blind, also check the appropriate boxes. Add the number of boxes checked. Enter the total in the box provided on line 18a. You need to know this total to use the Standard Deduction Chart for People Age 65 or Older or Blind on page 38.

Age. If you were age 65 or older on January 1, 1992, check the "65 or older" box on your 1991 return.

Blindness. If you were completely blind as of December 31, 1991, attach a statement to your return describing this condition. If you were partially blind, you must attach a statement certified by your eye doctor that:

- You can't see better than 20/200 in your better eye with glasses or contact lenses, or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, attach a statement certified by your eye doctor to this effect. If you attached this statement in a prior year, attach a note saying that you have already filed a statement.

#### Line 18b

**Dependents.** If your parent (or someone else) can claim you as a dependent on his or her return (even if that person chose not to claim you), check the box on line 18b. You must use the **Standard Deduction Worksheet for Dependents** on page 38 to figure your standard deduction.

#### Line 18c

If you are married filing a separate return, and your spouse itemizes deductions on a separate return, check the box on line 18c. You CANNOT take the standard deduction even if you were age 65 or older or blind (you completed line 18a). Enter zero on line 19 and go to line 20. If you have any itemized deductions, such as state and local income taxes, your Federal income tax will be less if you itemize your deductions, but you must use Form 1040 to do so.

Line 19 Standard deduction. Find your correct standard deduction and enter it on line 19.

Most people can find their standard deduction by looking at line 19 of Form 1040A.

But if you checked any of the boxes on line 18a or 18b, use the chart or worksheet on page 38 that applies to you to figure your standard deduction. Also, if you checked the box on line 18c, you cannot take the standard deduction even if you were age 65 or older or blind.



Standard
Deduction
Chart for
People Age
65 or Older
or Blind

Standard Deduction

Worksheet for Dependents

#### Standard Deduction Chart for People Age 65 or Older or Blind

If someone can claim you as a dependent, use the worksheet below, instead

Caution: Do not use the number Enter the number from the box of exemptions from line 6e. on line 18a of Form 1040A. enter on Form and the number in If your filing the box above is: 1040A, line 19: status is: \$4,250 Single \$5,100 2 \$6,350 1 Married filing a joint return \$7,000 2 \$7,650 Qualifying widow(er) with 3 4 \$8,300 dependent child \$3,500 1 \$4,150 2 Married filing a \$4,800 3 separate return 4 \$5,450 \$5.850 1 Head of household \$6,700 Standard Deduction Worksheet for Dependents (keep for your records) Use this worksheet ONLY if someone can claim you as a dependent. 1. 1. Enter the amount from Form 1040A, line 7. If none, enter -0-. 550.00 2. 2. Minimum amount. 3. Compare the amounts on lines 1 and 2. Enter the larger of the 3. two amounts here. Enter on line 4 the amount shown below for your filing status. Single, enter \$3,400 Married filing a separate return, enter \$2,850 Married filing a joint return, or qualifying widow(er) with dependent child, enter \$5,700 4. Head of household, enter \$5,000 5. Standard deduction Compare the amounts on lines 3 and 4. Enter the smaller of the two amounts here. If under 65 and not blind, stop here and enter this amount on Form 1040A, line 19. Otherwise, go

Line 22 Subtract line 21 from line 20. Your tax is figured on this amount.

joint or separate return, or qualifying widow(er) with dependent child) by the number on Form 1040A, line 18a.

Add lines 5a and 5b. Enter the total here and on Form

If 65 or older or blind, multiply \$850 (\$650 if married filing a

to line 5b.

Enter the result.

1040A, line 19.

Tax figured by the IRS. If you want, we will figure your tax for you. If you have paid too much, we will send you a refund. If you did not pay enough, we'll send you a bill. We won't charge you interest or a late payment penalty if you pay within 30 days of the notice date or by the due date for filing your return, whichever is later.

5a.

5b.

5c.

Note: If you are required to use Form 8615, Tax for Children Under Age 14 Who Have Investment Income of More Than \$1,100, or if you want any of your refund applied to your 1992 estimated tax, we cannot figure your tax for you.



### Section 4—1991 Tax Table

For persons with taxable incomes of less than \$50,000

Example: Mr. and Mrs. Green are filing a joint return. Their taxable income on line 22 of Form 1040A is \$23,250. First, they find the \$23,250–23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$3,491. This is the tax amount they must enter on line 23 of Form 1040A.

At But least less than Single Married Married Married of a house rately hold with the state of a house ratel

amou	nt they	must e	nter o	n line	23 01 1	orm 1	U4UA.			_			1	-		-		
if Form	1040A, ls		And yo	u <i>ere-</i>	•	If Form	1040A, Is					if Form 1040A, line 22, ie—		And you are—				
At least	But less than	Single	Merried Ming jointly	Married filing seps- rately	Head of a house- hold	At least	But less then	Single	Married filing jointly	Married filing eepa- rately	Head of a house- hold	At least	But less then	Single	Married filing jointly	Merried filing sepa- rately	Head of a house- hold	
			Your t	ex lo-	1				Your t	ex le—	•	ŀ		١	Your tax le-			
\$0	\$5	\$0	\$0	\$0	\$0	1,300	1,325	1979		197	197	2,700	2,725	407	407	407	407	
5	15	2	2	2	2	1,325 1,350	1,350 1,375	201 204	201 204	201 204	201 204	2,725 2,750	2,780 2,775	411 414	411 414	411 414	411 414	
15	25 50	3 8	3 6	3 6	3 6	1,375	1,400	208	208	208	208	2,775	2,800	418	418	418	418	
25 50	75	9	9	9	9	1,400	1,425	212	212	212	212	2,800	2,825	422	422	422	422	
75	100	13	13	13	13	1,425 1,450	1,450 1,475	216 219	216 219	216 219	216 219	2,825 2,880	2,850 2,875	426 429	426 429	42 <del>8</del> 429	426 429	
100 125	125 150	17 21	17 21	17 21	17 21	1,475	1,500	223	223	223	223	2,875	2,900	433	433	433	433	
150	175	24	24	24	24	1,500	1,525	227	227	227 231	227 231	2,900	2,925	437	437	437	437	
175	200	28	28	28	28	1,525 1,550	1,550 1,575	231 234	231 234	234	234	2,925 2,950	2,950 2,975	441 444	441 444	441 444	441 444	
200 225	225 250	32 36	32 36	32 36	32 36	1,575	1,600	238	238	238	238	2,975	3,000	448	448	448	448	
250	275	39	39	39	39	1,600 1,625	1,625 1,650	242 248	242 248	242 2 <b>46</b>	242 248	3,0	00					
275	300	43	43	43	43	1,650	1,875	249	249	248	249	3,000	3,050	454	454	454	454	
300 325	325 350	47	47 51	47 51	47 51	1,675	1,700	253	253	253	253	3,050	3,100	481	461	461 469	461 469	
350	375	54	54	54	54	1,700 1,725	1,725 1,750	257 261	257 261	257 261	257 2 <b>6</b> 1	3,100 3,150	3,150 3,200	469 476				
375	400	58	58	58	58	1,750	1,775	264	264	264	264	3,200	3,250	484		484		
400 425	425 450	62 66	62 66	62 66	62 66	1,775	-	268		268	268	3,250	3,300	491		491	491 499	
450	475	69	69	69	69	1,800 1,825	1,825 1,850	272 278		272 276	272 276	3,300	3,350 3,400	499 506				
475	500	73	73	73	73	1,850	1,875	279	279	279	279	3,400	3,450	514	514	514	514	
500 525	525 550	77	77 81	77 81	77 81	1,875	•	283		283	283	3,450	3,500	521		521	521	
550	575	84	84	84	84	1,900		287 291	287 291	287 291	287 291	3,500 3,500	3,550 3,600	529 536				
575	600	88	88	88	88	1,950	1,975	294	294	294	294	3,600	3.650	544				
600 625	625 650	92	92 96	92 96	92 96	1,975		298	298	298	298	_ 3,650	3,700	551				
650	675	99	99	99	99		<u> </u>					3,700 3,750		559 566				
675	700	103	103	103	103	2,000		302		302 306		3,800	-	574		574	574	
700 725	725 750	107	107 111	107 111	107 111	2,050	2,075	309		309	309	3,850	3,900	581				
750	775	114	114	114	114	2,075		313				3,900	3,950 4,000	589 596				
775		118	118	118	118	2,100 2,12t	2,125 2,150	317 321	7 317 321	317 321	317 321	_	000					
800 825	825 850	122 128	122 126	122 126	122 126	2,150	2,175	324	I 324	324	324	4.000		60	4 604	1 604	604	
850	875	129	129	129	129	2,178		1				4.050	4.100	61	611	611	611	
875		133	133	133	133	2,200	2,225 2,250	332 336			332 336	4,100 4,150	4,150 4,200	611 62	9 619 8 <b>62</b> 6			
900 925	925 950	137	137 141	137 141	137 141	2,220	2,275	338	339	338	339							
950	975	144	144	144	144	2,27						4,250	4,300	64	1 641	64	641	
975	1,000	148	148	148	148	2,300 2,32	3 2,350	351			351	4.35	4,350 4,400	64				
1,0	00					2,350	2,375	354	4 354	354	354			1				
		152	152	152	152	2,37						4,45	4,500	67	1 671	1 67 <sup>.</sup>	1 671	
1,000	1,050	158	158	158	156	2,40	5 2,450	366	366	366	366	4.55	4,550 4,600	67				
1,050 1,075	1,075 1,100	159 163	159 163	159 163	159 163	2,45	2,475	369	366	369	369 3 373	"		1	4 694	4 69	4 694	
		167	167	167	167	2,47						4.65	4.700	70	1 70	1 70	1 701	
1,100 1,125	1,150	171	171	171	171	2,500 2,52	5 2,550	38	1 381	38	I 381	4.75	0 4,750 0 4,800					
1,150 1,175	1,175	174 178	174 178	174 178	174 178	2,55	0 2,575	38	4 384	1 384	4 384			1				
		182	182	182	182	2,57						4,85	0 4,900	73	1 73	1 73	1 731	
1,200 1,225	1,250	188	186	186	186	2,60 2,62	5 2,650	)   39	8 390	3 39	390	4.98	0 4,950 0 5,000	73				
1,250 1,275	1,275	189	189 193	189 193	189 193	2,65 2,67	0 2.675	1 39				, —	_,				next pag	
	. ,,500					4,0/	2,/00	40	<u> 41</u>	, <u>44</u>	40	ــــاـــــــــــــــــــــــــــــــــ					See al see	

<sup>\*</sup> This column must also be used by a qualifying widow(er).



TARON
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f Form Ine 22,			And y	ou are-	-	H Form line 22	1040A, 1 <del>10</del> —		And ye	ou are		H Form line 22,	1040A, . #s		And ya	u are	
NI enst	But less than	Single	Married filing jointly Your	Marner filing sepa- rately tax le-	Head of a house- hold	Al least	But less than	Single	Married fling jointly Your 1	filing sepa- rately	Head of a house hold	Al least	But less than	Single	Marned filing jointly Your	Married filing sepa- rately tax is	house hold
5,0	000					8,0	000					11,	000				
6,000 5,050	5,050	754 761	754 761	754 761	754	8,000 6,050	8,050 8,100	1,204	1,204	1,204	1,204 1,211	11,000 11,060	11,050	1,654 1,661	1,654 1,661	1,654 1,661	1,65
5,100	5,100 5,150	789 776	769 776	769 776	761 769	8,100 8,150	8,150 8,200	1 219	1,219	1,219	1,219	11,100	11,150	1,669	1.669	1.669	1.66
5,150 5,200	5,200 5,250	784	784	784	776 784	8,200	8,250	1.234	1.234	1.234	1,234	11,200	11,250	1.884	1.884	1.684	1.68
6,250 5,300	5,300 6,360	791 799	791 799	791 799	791 799	8,250 6,300	8,300 8,350	1,241	1,241	1,241	1,249	11,250 11,300	11,300 11,350	1.691 1.899			
5,360 5.400	5,400 5,450	806 B14	806 B14	806 814	80 <del>6</del> 814	8,350 8,400	8,400 8,450	1.256 1,264	1.256 1.264	1,256 1,264	1,256 1.264	11,350	11,400 11,450	1,706 1,714			
5,450 5,500	5,500 5,550	021 829	821 829	821 829	821 829	6,450 6,500	8,500 8,550	1.271	1,271 1,279	1.271 1.279	1.271 1.279	11,450	11,500 11,550	1.721	1,721 1,729	1,721 1,729	
5,550 5,600	5,600 5,650	836 844	836 844	836 844	836 644	8,550 8,600	8,600 8,650	1,286	1.286	1.286 1.294	1.286 1.294	11,550	11,600 11,650	1,736 1,744		1,736 1,744	
5,660 5,700	5,700 5,750	851 659	851 859	85 1 85 9	851 859	8,650 8,700	8,700 8,750	1,301	1.301	1,301	1.301	11,650	11,700	1,751	1,751	1,751	1,75
6,750	5,800	565	866	866	866	8,750	8,800	1,316	1.316	1.316	1.316	11,750	11,800	1,766	1.766	1.766	1,70
5,800 5,850	5,850 5,900	874 881	874 861	874 881	874 881	8,800 6,650	8,850	1,324	1,324	1,324	1.324	11,800	11,850 11,300	1.774 1.781	1.781	1,774 1,781	1.78
6,900 6,960	5,950 6,000	889 896	889 896	889 896	809 8 <del>9</del> ô	8,900 8,950	8,950 9,000	1.339 1,346	1.339 1.346	1.339 1.346	1,339 1,346	11,900 11,950	11,950 12,000	1.789 1.796			
6,0	000					9,0	000	,				12,	000				
6,000 8,060	6,050 6,100	904 911	904 911	904 911	904 911	9,000	9,050 9,100	1.354 1.361	1.354 1,361	1.354 1,361	1,354 1,361	12,000 12,050	12,050 12,100	1,804 1.811	1.811	1,804 1,811	1.8
6,100 6,150	6,150 6,200	919 926	919 926	919 926	919 926	9,100 9,150	9,150 9,200	1,369 1,376	1.369 1.376	1,369 1,376	1.369 1.376	12,100 12,150	12,150 12,200	1.819 1.826		1.819 1.826	
6,200 8,250	6.250 0.300	934 941	934 941	934 941	934 941	9,200 9,250	9,250 9,300	1.384 1.391	1,384 1,391	1,384 1,391	1.384 1.391	12,200 12,250	12,250 12,300	1,834 1,841	1.834 1.841	1 834 1.841	1.83
6,300 6,360	6,350 8,400	949 956	949 956	949 956	949 956	9,300 9,350	9,350	1.399	1,399	1.399	1,399	12,300 12,350	12,350 12,400	1,849 1.856	1.849	1,649	1.6
8,400	6,450	984	964	964	984	9,400	9,460	1,414	1,414	1,414	1.414	12,400	12,450	1.864	1.864	1.864	1,80
6,450 6,500	6,500 6,550	971 979	971 979	971 979	971 979	9,450 9,500	9,500 9,550	1.421	1,421	1,421	1,421	12,480 12,500	12,500	1.871			
6,550 6,600	6,600 6,650	988 994	986 994	986 994	986 994	9,550	9,600 9,660	1,436 1,414	1,436 1,444	1.436 1,444	1,436 1,444	12,550 12,800	12,600 12,650	1.886 1,894			1,8
6,650 6,700	6,700 6,750	1,001	1.001 1.009	1,001 1,009	1.001 1.009	9,650 9,700	9,700 9,750	1.451 1.459	1,451 1,459	1.451 1,459	1,451 1,459	12,650 12,700	12,700 12,750	1.901		1.901 1,909	
6,750 6,600	6,800 6,850	1,016	1,01B 1.024	1,016	1,016	9,750	9,800 9,850	1.468 1.474	1,46 <b>6</b> 1,474	1,486 1,474	1,486	12,750	12,850	1,916 1,924		1.916 1,924	
6.850 6.900	6,900 6,950	1,031	1.031	1.031	1.031	9,850 9,900	9,900 8,960	1 481 1 489	1.481 1.489	1.481 1.489	1.481	12,850 12,900	12,900	1.931	1.931	1,931	1,9
6,950	7,000	1,046		1.046	1.046	9,950	10,000	1,498	1.496	1,496	1,496	12,950	13,000	1,946			
	000					10,0						<del></del>	000	4 000		100	
7,000 7,050	7.050 7,100	1.054	1.054	1.054	1.054 1.061	10,000 10,050	10,050 10,100	1,504	1.504	1.504	1.504	13,000	13,050	1.954 1.961	1.954	1,954 1,961	1,90
7,100 7,150	7,150 7,200	1.069 1.076	1.069 1.076	1.069 1.076	1.069 1.076	10,100 10,150	10,150 10,200	1,519 1,526	1.519 1,526	1,519 1,526	1.519 1.526	13,100 13,150	13.150 13,200	1.969 1.976		1,969 1,976	
7,200 7,250	7,250 7,300	1.0B4 1.091	1.084 1,091	1,084	1.084	10,200 10,250	10,250 10,300	1,534 1,541	1,534 1,541	1,534 1.541	1.534 1.541	13,200 13,250	13,250 13,300	1.984 1.991		1.984 1.991	1.9
7,300 7,350	7,350 7,400	1.099	1,099	1,099	1.099 1.106	10,300 10,350	10,350 10,400	1.549 1,556	1.549 1.556	1 549 1.556	1.549 1.556	13,300 13,350	13,350 13,400	1.999			
7,400	7,450	1.114	1 114 1,121	1.11 <b>4</b> 1.121	1 114 1.121	10,400	10,450	1.564	1.564 1.571	1.564 1,571	1,564 1,571	13,400	13.450 13,500	2 014	2.014 2.021	2.014 2.021	
7,450 7,500 7,550	7,500 7,550 7,600	1 129	1 129		1.129	10,500	10,550	1,579	1,579 1,586	1.579	1,579 1,586	13,500	13,550	2.029	2.029	2.029	2.0
7,600	7,650	1,144	1.144	1.144	1.144	10,600	10,650	1,594	1,594	1.594	1.594	13,600	13,650	2,044	2.044	2,044	2.0
7,650 7,700	7,700 7,750	1.159	1.151		1.159	10.650 10,700	10,700 10,750	1,609	1 601	1.609	1.601 1.609	13,700	13.700 13.750	2 059	2.051	2 059	2.0
7,750 7,800	7,800 7,850		1.166	1.168		10,750	10,800	1624	1,61 <b>6</b> 1,624		1.616 1.624		13,860	2.074	2.066	2.074	
7,850 7,900	7,900 7,950	1,181		1 181	1 181	10,650	10,900 10,950	1.631	1 631 1.639	1,631	1.631 1.639	13.850 13.900	13,900 13,960	2,081	2.081 2.089	2.081	2.0
7,950	0,000		1,196			10.950	11,000		1,646	1,646			14,000			2.096	

Form 1040A, ne 22, is—	Ar	d you are-	<b></b>	If Form 1040A, Hne 22, is						If Form	1040A, is—	And you are				
il Bul east less than	ioi.		Head of a house- hold	At least	But less than	Single	Mamed filing jointly Your	Married fling sepa- rately tax is—-	Head of a house- hold	At least	But less than	Single	Married filing jointly Your	Married filing sepa- rately tax is-	Head of a house hold	
14,000		-		17,000							000					
14,000 14,050		04 2,104	2.104	17,000	17,060	2.554	2,554	2,557	2.554 2.561	20,000 20,050	20,060 20,100	3.004 3.011		3.397 3,411	3,00	
14,060 14,100 14,100 14,150	2.119 2.	111 2.111 119 2.119	2.111	17,050	17,100 17,180 17,200	2,561 2,569	2,561 2,569 2,576	2,571 2, <b>58</b> 5 2,599	2.569 2.576	20,100 20,150	20,150	3.019 3.028	3,019		3.01	
14,150 14,200   14,200 14,250		126 2,126 134 2,134	2.128 2.134	17,150 17,200	17,250	2,576 2,584	2.584	2.613	2.584	20,200	20,250	3.034	3,034	3.453	3.03	
4,250 14,300 4,300 14,350	2,149 2,	141 2.141 149 2.149	2,141 2.149	17,250 17,300	17,300 17,350	2.591 2.599	2.591 2.599	2,627 2,641	2,591 2.599	20,250 20,300	20,300 20,350	3,041 3,049	3.049		3,04	
4,359 14,400 4,400 14,450		156 2.156 164 2,164	2.156 2.164	17,350 17,400	17,400 17,450	2,606 2,614	2.606 2.614	2.655 2.669	2.606 2.614	20,350 20,400	20,400 20,450	3.060		3.495 3,509	3,05 3,06	
4,450 14,500 14,500 14,550	2,171 2.	71 2,171 179 2,179	2.171 2.179	17,450 17,500	17,500 17,550	2.821 2.629	2,621 2,629	2.683 2.697	2,621 2,629	20,450 20,500	77,500 3,550	3.066 3.102	3.079	3.523 3.537	3.07 3.07	
14,650 14,600	2.188 2.1	86 2.186	2.186 2.194	17,550 17,600	17,600 17,660	2.636 2.644	2.636 2.644	2,711 2,725	2,636 2,644	20,550 20,600	20,600	3.116 3.130			3.08	
14,600 14,650 14,650 14,700 14,700 14,750	2,201 2,3	194 2.194 201 2.201 209 2.209	2,201	17,660 17,700	17,700	2.651 2.659	2.651 2.659	2.739 2.753	2.651 2.659	20,650 20,700	20,700 20,750	3.144	3.101	3 579	3.10	
4,750 14,800	2.216 2,	216 2.216	2,216	17,750	17,800	2,666	2,666	2,767	2,666	20,750	20,800	3.172	3.116	3.607	3,11	
14,850 14,850 14,850 14,800	2.231 2.1	24 2,224	2,224 2.231	17,800 17,850 17,900	17,850 17,900	2,874 2,681	2,674	2,781 2,795	2,674 2,681 2,689	20,800 20,850 20,800	20,850 20,900 20,950	3.166 3.200 3.214	3.131	3.621 3.635 3,649	3.13	
14,900 14,960 14,950 15,000		239 2.239 246 2.246	2.239 2.246	17,950	17,960 18,000	2.689 2.696	2.689 2.696	2.809 2.623	2.696	20,950	21,000	3.228			3.14	
15,000				18,	00()					21,	000					
5,000 15,050 15,050 15,100	2,254 2.2 2,261 2.2	254 2 254 261 2,261	2 254 2.261	18,000 18,060	16,060 18,100	2.704 2,711	2.704 2.711	2. <b>83</b> 7 2. <b>85</b> 1	2.704 2,711	21,000 21,060	21,060 21,100	3.242 3.256		3.677 3.691	3.15 3.18	
5,100 15,150 15,150 15,200	2.269 2,	269 2.269 276 2.276	2.269 2,276	18,100 18,150	16,150 18,200	2.719 2.726	2,719 2,726	2.865 2,879	2,719 2,726	21,100 21,150	21,150 21,200	3.270 3.264	3.169		3.16 3,17	
15,200 15,250	2.284 2.5	84 2.284	2.284 2.291	18,200 18,250	18,250 18,300	2,734 2,741	2.734 2.741	2. <b>893</b> 2,907	2,734 2,741	21,200 21,250	21,250 21,300	3,296 3,312		3.733 3.747	3,16 3,19	
18,250 15,300 15,300 15,350 15,350 15,400	2.299 2.	291 2.291 299 2.299 306 2.306	2.299	18,300	18,350	2.749 2.756	2.749 2,756	2.921 2.935	2,749 2,756	21,300 21,350	21,350 21,400	3,326	3,199	3,761	3,19	
15,400 15,450	2,314 2,3	314 2,314	2,314	18,400	16,450	2,764	2.764	2.949	2.764	21,400	21,450	3.354	3.214	3.789	3,21	
15,450 15,500 15,600 15,550	2.329 2.	321 2.321 329 2.329	2.321 2.329	18,450 18,500	18,500 18,560	2.771 2.779	2,771	2.963 2.977	2,771	21,450 21,500 21,550	21,500 21,550 21,600	3.368 3.382 3.396	3,229		3.22	
15,560 15,660 15,600 15,660		336 2.336 344 2.344	2,336 2,344	18,550	18,600 16,650	2,786 2,794	2,786 2,794	2,991 3.005	2.786 2.794	21,600	21,650	3,410	3,244	3.845	3.24	
15,650 15,700 15,700 15,750	2.359 2.3	351 2.351 359 2,359	2.351 2,359	18,650 18,700	18,700 18,750	2,801 2,809	2.801 2.809	3.019 3,033	2.801 2.809	21,650 21,700	21,700 21,750	3,424 3,438	3.259		3.25 3.25	
15,750 15,800 15,800 15,850		366 2.366 374 2.374	2.366 2.374	18,750	18,800	2,818 2,824	2.818 2.824	3,047 3.061	2,816 2,824	21,750 21, <b>6</b> 00	21,800 21,850	3.452 3.486		3.887 3.901	3.26	
15,860 15,900 18,900 18,960	2 381 2	381 2.381 389 2.389	2.381 2.389	18,850	18,900	2.831 2.839	2,831 2,839	3.075 3,089	2, <b>631</b> 2, <b>639</b>	21,850 21,900	21,900 21,950	3,480 3,494	3.281 3,289		3 26 3.28	
15,950 16,000		396 2.396	2,396	18,960	19,000	2.846	2.846	3.103	2.846	21,950	22,000	3,506	3.296	3.943	3.29	
16,000	0.404 =		2 404	<del>† '</del>	10.050	2 85 4	2 05 4	2117	2.854	22,000	000 22,060	3,522	3.304	3.957	3.30	
16,000 18,050   16,060 16,100   16,100 16,150	2.411 2.4	104 2,404 111 2,411 119 2,419	2,404 2,411 2,419	19,000 19,060 19,100	19,050 19,100 19,150	2.854 2.861 2.869	2.854 2.881 2.869	3.117 3,131 3.145	2.861 2.869	22,000 22,100	22,100 22,150	3.536 3.550	3.311	3,971	3.31 3.31	
6,150 16,200		24 2.426	2,428	19,150	19,200	2,876	2.076	3.159	2,676	22,150	22,200	3.564	3.326	3.999	3.32	
16,200 18,250   16,250 15,300	2,441 2	134 2,434 141 2,441	2,434 2,441	19,200 19,250	19,250 19,300	2.884 2.891	2.884 2.891	3.173 3.187	2,884 2,891	22,200 22,260	22,250 22,300	3.578 3.592	3.341	4.013 4.027	3.33 3.34	
16,300 16,350 16,350 16,400		149 2.44 <b>9</b> 156 2.4 <b>56</b>	2.449 2.456	19,300 19,350	19,350 19,400	2.899 2.906	2.899 2.906	3.201 3.215	2.899 2.906	22,300 22,350	22,350 22,400	3,606 3,620			3,34 3.35	
16,400 15,450 18,450 16,500		464 2 464 471 2 471	2.464 2.471	19,400	19,450 19,500	2.914 2.921	2,914 2,921	3.229 3.243	2 914 2.921	22,400 22,450	22,450 22,500	3.634 3.648				
16,500 18,550 16,550 16,600	2.479 2.	479 2.479 486 2.486	2,479 2,486	19,500	19,550 19,600	2.929 2.938	2.929 2.936	3.257 3.271	2.929 2.936	22,500	22,550 22,600	3.662 3.676	3.379	4.097	3.37 3.38	
16,600 16,650	2.494 2.	494 2,494 501 2,501	2.494 2,501	19,600	19,650 19,700	2.944 2.951	2,944 2,951	3.285 3.299	2.944 2.951	22,600	22,650 22,700	3 690 3.704				
16,650 16,700 16,700 18,750 16,750 16,800	2.509 2.	509 2.509 516 2.516	2.509 2.516	19,700	18,750 19,900	2.959 2.966	2,959 2,966	3.313 3.327	2.959 2.966	22,700	22,750 22,800	3.716	3,409	4.153	3,40	
16,800 16,850	2.524 2.	524 2 524	2.524	19,800	19,850	2,974	2.974	3.341	2,974	22,800	22,850	3 746	3.424	4.181	3,42	
16,850 16,900 18,900 16,950	2 539 2	531 2.531 539 2.539	2.531 2.539	19,900	19,900	2.961 2.969		3.355 3,36 <i>3</i>	2,981		22,950	3.760	3.431	4.209	3.43	
18,953 17,000	2.546 2.	546 2,546	2.546	19,050	20,000	2,996	2.996	3.383	2.996	22,960	23,000	J./88	3.446		3.44 ext pag	

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**TRANSPARENCY 2A-1** 

# 19**92** Form W-4



Purpose: Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay.

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事作表表 1

Exemption From Withholding, Read line 7 of the certificate below to see if you can claim exempt status. If exempt, complete line 7, but do not complete lines 5 and 6. No Federal income tax will be withheld from your pay. Your exemption is good for one year only. It expires February 15, 1993.

Sesic Instructions. Employees who are not exempt should complete the Personal Allowances. Worksheet. Additional worksheets are provided on page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or two-emmer/two-job situations. Complete all worksheets that apply to your situation. The worksheets will help you figure.

Enter "1" if: {

the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances than this.

Head of Household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nerwage income. If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may find that you owe additional tax at the end of the year.

Two-Earner/Two-Jobs. If you have a working apouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form

e You are married, have only one job, and your spouse does not work; or

W-4. The total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Advance Earned Income Credit. If you are eligible for this credit, you can receive it added to your psycheck throughout the year. For details, get Form W-5 from your employer.

Check Your Withhelding. After your W-4 takes effect, you can use Pub. 818, is My Withholding Correct for 1992?, to see how the dollar amount you are having withheld compares to your estimated total annual tax. Call 1-800-829-3676 to order this publication. Check your local telephone directory for the IRS assistance number if you need further neigh-

Personal Aliowances Worksheet	For 1992, the value of your (\$105,250 (\$157,900 if married married filing separately). Ge
A Enter "1" for yourself if no one else c	an claim you as a dependent .

e You are single and have only one job; or

For 1992, the value of your personal exemption(s) is reduced if your income is over \$105,250 (\$157,900 if married filing jointly, \$131,550 if head of household, or \$78,950 if married filing separately). Get Pub. 919 for details.

Para mas da la la la la la la la la la la la la la		00 or less. j
Enter "1" for your spouse. But, you may choose to enter "	O- if you are marned and have either a	working spouse or
more than one job (this may help you avoid having too little		
Enter number of dependents (other than your spouse or you		retum , D
Enter "1" if you will file as head of household on your tax n		
Enter "1" if you have at least \$1,500 of child or dependent		
For accuracy, do all worksheets that apply.  e if you plan to itemize or claim adjustments worksheet on page 2.  e if you are single and have more than a you are married and have a working spou \$50,000, see the Two-Earner/Two-Job Wo	ents to income and want to reduce you one job and your combined earnings fr use or more than one job, and the comb orksheet on page 2 if you want to avoid	or withholding, see the Deductions om all jobs exceed \$29,000 OR if the dearnings from all jobs exceed having too little tax withheld.
W-4 Employee's Withhole	ding Allowance Certifica	te OMB No. 1545-0010 위 <b>연2</b>
nai Revenue Service For Privacy Act and Papers	work Reduction Act Notice, see reverse	
Type or print your first name and middle initial	Last name	2 Your social security number
Home address (number and street or rural route)		arried, but withhold at higher Single rate buse is a nonresident alien, check the Single Box
City or town, state, and ZIP code	1	that on your social security caid.
Total number of allowances you are claiming (from line G a	<del> </del>	t they apply) 5
		6 \$
I claim exemption from withholding and I certify that I med	et ALL of the following conditions for e	kemption:
	withheld because I expect to have NO!	ax liability; AND
If you meet all of the above conditions, enter the year effe		7 19
	THU COULD THE COURT OF THE COUR	
Are you a full-time student? (Note: Full-time students are		
are you a full-time student? (Note: Pull-time students are ter penalties of perury. I certify that I am entitled to the number of withhouse		
	Add lines A through F and enter total here. Note: This amount may be  If you plan to itemize or claim adjustment worksheet on page 2.  If you are single and have more than you are married and have a working spot \$50,000, see the Two-Earner/Two-Job Worksheets that apply.  Cut here and give the certificate to your married and representations applies.  Cut here and give the certificate to your provide the treasury as Revenue Service.  Type or print your first name and middle initial.  Home address (number and street or rural route).  City or town, state, and ZIP code.  Total number of allowances you are claiming (from line G and Additional amount, if any, you want deducted from each if claim exemption from withholding and I certify that I me a Last year I had a right to a refund of ALL Federal incore.	Add lines A through F and enter total here. Note: This amount may be different from the number of exemptions you of all worksheets and Adjustments Worksheet on page 2.  If you are single and have more than one job and your combined earnings from the married and have a working spouse or more than one job, and the combinat apply.  Solooo, see the Two-Earner/Two-Job Worksheet on page 2 if you want to avoid the ineither of the above situations applies, stop here and enter the number from line.  Cut here and give the certificate to your employer. Keep the top portion for your are reverse.  Type or print your first name and middle initial.  Last name.  Home address (number and street or rural route)  3 Single Marned Mar

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UNIT 2

#### TRANSPARENCY 2A-2

Form	W-4 (1992)	- Backwel	Anna insid As					Page 2
	a) //ea the workshoot o			justments Workshe				
1	Enter an estimate of you chantable contributions	xur 1992 itemized dedu , state and local taxes (	ctions. These i but not salas i	r claim adjustments to in include: qualifying home axes), medical expenses , you may have to red	mortgage interest, in excess of 7.5%	tax n	etum.	
	deductions if your incon	ne is over \$105,250 (\$5) Irried filing jointly or qui	2,625 if maniec	filing separately). Get Pu	ub. 919 for details.)	1	<u>\$</u>	
2	\$5,250 if her \$3,600 if sin	ad of household igle				2	<u>\$</u>	
3		med filing separately		1			•	
4	Sales on columnia of the columns	e i. II whe 2 is greater t	nan ime 1, ent	er -0		3	5	
5	Add lines 2 and 4 and	I AAS <b>SOINEILISUES 10 IUCO</b> U	No. These includ	e airmony peid and deducti	ble IRA contributions	4	3	
•	False on estante of un	enter the total				5	3	
7	Seddment too 6 from tin	ur 1992 nonwage incom	ne (such as div	idends or interest incom	e)	6	<u>*</u>	
·	Shrists the exercise on the	e 5. Emer me resuri, bu	t tot less than	i <b>-0-</b>		7	3	
8	Since the amount on H	ne 7 by \$2.500 and ent	er the result h	ere. Drop any fraction .		8		<del></del> -
•				G, on page 1		•		
10	the total on line 1, below	Otherwise, stop here a	nd enter this to	e Two-Earner/Two-Job Wo tal on Form W-4, line 5, or	orksheet, also enter n page 1	10		
	<del></del>			o-Job Worksheet				
Note	: Use this worksheet or	nly if the instructions for	line G on pag	e 1 direct you here.				
1	Enter the number from line	G on page 1 (or from line 1	0 above if you u	sed the Deductions and Adj	ustments Worksheet)	1		
, 2				IT paying job and enter it		2		
3	H ine 1 is GREATER T	HAN OR EQUAL TO H	ne 2, subtract	line 2 from line 1. Enter	the result here (if			_
	zero, enter -0-) and on f	Form W-4, line 5, on pa	ge 1. DO NO1	use the rest of this wor	ksheet	3		
Hote	: If kne 1 is LESS THAN	l line 2, enter -0- on For	m W-4, line 5,	on page 1. Complete line	es 4-5 to calculate			
		ithholding necessary to		and tax bill.				
4	Enter the number from I					4		
5	Enter the number from I	ine 1 of this worksheet				5		
	Subtract line 5 from line	4				6		
7	Find the amount in Tabl	le 2 below that applies	to the HIGHE	FT paying job and enter:	t here	7	\$	
	Multiply line 7 by line 6 a	and enter the result here	. This is the ac	iditional annual withholdir	ng amount needed	8	\$	
9	Divide line 8 by the num every other week and you	iber of pay periods /em. ou complete this form i	aining in 1992 n December o	(For example, divide by	26 if you are paid			
	W-4, line 6, page 1. This	s is the additional amou	nt to be within	eld from each paycheck		9	\$	
		Table 1:	Two-Earne	/Two-Job Workshee	t			
		Married Filing	Jointly	All Others				
		ff wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on time 2 above			
		0 - \$4.000	0 1 3 4 6 6	0 - \$6.000	0 1 2 3 4 5 6			
		60.00180.000 . 80.001 and over.	9 10 11					
				/Two-Job Worksnee	it			
		Married Filing	Jointly	All Others				
		if wages from HIGHEST	Enter on	If wages from HICHEST	Enter on			

Privacy Act and Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a completed form will result in your being treated as a single person who claims no withholding allowances. Routine uses of this information it is used giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws.

640 710 0 - \$27,000

27.001 - 58.000 . 58.001 and over .

0 • \$50.000 50.001 • 100.000

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping 46 min., Learning about the lew or the form 10 min., Prepering the form 70 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the Office of Management and Budget, Paperwork Reduction Project (1545-0010), Washington, DC 20503. DO NOT send the tax form to either of these offices, Instead, give it to your employer.

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TRANSPARENCY 2B

Form 1040EZ	Department of the Treasury—Internal Revenue Service Income Tax Return for Single Filers With No Dependents	4.004	OMB No 1545-0675
Name & address	Use the IRS label (see page 10). If you don't  Print your name first initial last:  Home address number and street: If you have a PO beau	·	Please print your numbers like this:  9876543210  Your social security number
	Please see instructions on the back. A Form 1040EZ booklet.  Presidential Election Campaign (see page 10.10.10.10.10.10.10.10.10.10.10.10.10.1	lso, see the	Yes No
	Do you want \$1 to go to this fund?	nie change wur laz or n dure wur refund	Dollars Cents
Report your income	1 Total wages, salaries, and tips. This sh Box 10 of your W-2 form(s). (Attach you	nould be shown in ur W-2 form(s).)	
Attach Copy B of Form(s) W-2 here. Attach tax	2 Taxable interest income of \$400 or less than \$490, you cannot use Form 1040E		
payment on top of Formisi W-2	3 Add line 1 and line 2. This is your adju 4 Can your parents (or someone else) claim	sted & oss income.	
Note: You must check Yes or No.	Yes. Do worksheet on back; enter at No. Enter 5.550.00. This is the to standard deduction and person	mount from line E here. tal of your	
<del></del>	5 Subtract line 4 from line 3. If line 4 is enter 0. This is your taxable income.		
Figure your tax	6 Enter your Federal income tax withhele your W-2 form(s).		
	7 Tax. Use the amount on line 5 to find table on pages 16-18 of the booklet. Entable on this line.	ter the tax from the	
Refund or amount	8 If line 6 is larger than line 7, subtract This is your refund.	line 7 from line 6.	
owe	9 If line 7 is larger than line 6, subtract line 6 fr amount you owe. Attach your payment for fu "Internal Revenue Service." Write your name, a number, daytime phone number, and "1991 For	Il amount payable to the	
Sign your return	I have read this return. Under penaltic that to the best of my knowledge and true, correct, and complete.	s of perjury, I declare belief, the return is	For IRS Use Only—Please do not write in boxes below.
Keep a copy of this form	Your signature	Date	لسا لسا لسا
for your records	<u>x</u>	Your occupation	

For Privacy Act and Paperwork Reduction Act Notice, see page 4 in the booklet.

Cat No. 11329W

Form 1040EZ (1991)

### TRANSPARENCY 2B-1

1991	Instructions for Form 1040EZ	
Use this form if		arned tips (including allocated tips may not be able to use Form ents. booklet. If you have questions he booklet.
Completing your return	Please print your numbers incide the boxes. Do not type your nur Most people can fill out the form by following the instructions on the booklet if you received a scholarship or fellowship grant or tax-exer municipal bonds). Also use the booklet if you received a 1099-INT withholding) or if you had two or more employers and your total with Remember, you must report your wages, salaries, and tips even your employer. You must also report all your taxable interest inconsciounts at banks, savings and loans, credit unions, etc., even if y If you paid someone to prepare your return, that person must also information. See page 15 in the booklet.	the front. But you will have to use the mpt interest income (such as on showing income tax withheld (backup ages were more than \$53,400. if you don't get a W-2 form from ome, including interest from savings you don't get a Form 1099-INT.
Standard deduction worksheet for dependents who checked "Yes" on line 4	Fill in this worksheet to figure the amount to enter on line 4 is dependent (even if that person chooses not to claim you).  A. Enter the amount from line 1 on front B. Minimum amount.  C. Compare the amounts on lines A and Enter the LARGER of the two amount D. Maximum amount.  E. Compare the amounts on lines C and Enter the SMALLER of the two amound and on line 4 on front.  If you checked "No" because no one can claim you as a dependence of the total of your standard deduction (3,400.00) and person the standar	B. 550.00  B above. ts here.  C. 3,400.00  D above. nts here  E
Avoid common mistakes This checklist is to help you make sure that your form is filled out correctly.	<ol> <li>Are your name, address, and social security number on the correct the label?</li> <li>If "ou didn't get a label, did you enter your name, address (security number in the spaces provided on page 1 of Form 13. Did you check the "Yes" box on line 4 if your parents (or sor dependent on their 1991 return (even if they choose not to cayou as a dependent, did you check the "No" box?</li> <li>Did you enter an amount on line 4? If you checked the "Yes the worksheet above to figure the amount to enter? If you clenter 5,550.00?</li> <li>Did you check your computations (additions, subtractions, e taxable income, Federal income withheld, and your refu</li> <li>Did you use the amount from line 5 to find your tax in the correct tax on line 7?</li> <li>Did you attach your W-2 form(s) to the left margin of your redate Form 1040EZ and enter your occupation?</li> </ol>	label correct? If not, did you including ZIP code), and social .040EZ? meone else) can claim you as a claim you)? If no one can claim "box on line 4, did you fill out hecked the "No" box, did you ttc.) especially when figuring your nd or amount you owe? tax table? Did you enter the
Mailing your return	Mail your return by April 15, 1992. Use the envelope that cam have that envelope, see page 19 in the booklet for the address t	e with your booklet. If you don't o use.

Form	Department of the Treasury-Internal Rev	renue Service		
1040A	U.S. Individual income Tax Return	1991		OMB No. 1545-0085
Step 1	Your first name and status	Last same		Your social security no.
(See page 16 ) A Use the IRS E	If a joint return, opense's first mame and united	Lost name		Spouse's social security no.
label Cotherwise. Please print or type.	Home address (number and street). (If you have City, term or past office, state, and ZIP code, (I		Apt. so.	For Privacy Act and Paperwork Reduction Act Notice, see page S.
	Presidential Election Campa Do you want \$1 to go to this If joint return, does your spous	fund?	.   Yes   No	Note: Checking "Yes"  will not change your tax
Step 2 Check your filing status (Gneck only one.)	above and spouse's full Head of household (w	ite return. Enter spouse's all name here  ith qualifying person). ( pendent, enter this child	s social security hu  See page 19.) If the	e qualifying person is a
Step 3	68 Yourself. If your parent to	r someone else) can claim you as seck box 6a. But be sure to check	a dependent on his or h	er tax No. of leaxes checked en checked en
Figure your exemptions (See page 20.)	b Spouse C Dependents: (1) Name (first, initial, and last name)	(2) Check (3) If age 1 or older, if under dependent's sectal	(4) Dependent's (5) N relationship to kw	ie of months children on children on the in 1991  No. of your children on the in the in the interest of the interest on the in
If more than seven dependents. see page 23.				e didn't live with you due to divorce or coparation (see page 25)
	d If your child didn't liv dependent under a pre-	1985 agreement, check h	med as your ere D	No. of other dependents listed on Sc Add numbers entered on lines above
Step 4	7 Wages, salaries, tips, et W-2 form(s), (Attach For	c. This should be shown	in Box 10 of your	7
Figure your total income	Sa Taxable interest income and attach Schedule 1, 1	e (see page 26). (If over 9 Part I.)	\$400, also complete	
Attach Copy B	b Tax-exempt interest. (DO)  9 Dividends. (If over \$400,  10a Total IRA			
W-2 and 1009-R here.	distributions. 10a  11a Total pensions		b Taxable amount (see page 27). b Taxable amount	10b
Attach check or money order on	and annuities. 11a  12 Unemployment compens		(see page 27).	11b 12
top of any Forms W-2 or 1099-R	13a Social socurity benefits. 13a		Taxable amount (see page 31).	13b
	14 Add lines 7 through 13b (fa			▶ 14
Step 5 Figure your edjusted	b Spouse's IRA deduction from sheet. Note: Rules for IRA c Add lines 15a and 15b.	from applicable work- s begin on page 33.	15a	
grees Income	16 Subtract line 15c from lit	ne 14. This is your adjust "Earned income credit" o	ted gross income.	D 16

Cal. No. 11327A

### TRANSPARENCY 2C-2

1991	Form 1040A	Page 2
Step 6	17 Enter the amount from line 16.	
·	18a Check ☐ You were 65 or older ☐ Blind ☐ Ent number of if: ☐ Spouse was 65 or older ☐ Blind ☐ boxes checked ▶ 18a  b If your parent (or someone else) can claim you as a dependent, check here	
Figure your standard deduction,	Enter the standard deduction shown below for your filing status.  But if you checked any box on line 18a or b, go to page 37 to find your standard deduction. If you checked hox 18c, enter -0  Single—\$3,400 • Head of household—\$5,000  Married filing jointly or Qualifying widow(er)—\$5,700  Married filing separately—\$2,850  Subtract line 19 from line 17. (If line 19 is more than line 17, enter -0) 20	·
exemption		
amount, and	21 Multiply \$2,150 by the total number of exemptions claimed on line 6e. 21	
taxable income	Subtract line 21 from line 20. (If line 21 is more than line 20, enter -0) This is your taxable income.	
Step 7	23 Find the tax on the amount on line 22. Check if from:	
Figure your	Tax Table (pages 44-49) or Form 8615 (see page 39) 23	
tax, credits,	24a Credit for child and dependent care expenses.  Complete and attach Schedule 2. 24a	
and payments	Credit for the elderly or the disabled. Complete and attach Schedule 3.	
If you want the		1
IRS to figure	25 Subtract line 24c from line 23. (If line 24c is more than line 23, enter -0) 25	
your tax, see the instructions	26 Advance earned income credit payments from Form W-2. 26	
for line 22 on page 38.	27 Add lines 25 and 26. This is your total tax.	
page do.	28a Total Federal income tax withheld. (If any tax is from Form(s) 1099, check here ► □ .) 28a	
	b 1991 estimated tax payments and amount	
	applied from 1990 return. 28b	
	c Earned income credit. Complete and attach Schedule EIC. 28c	
	d Add lines 28a, 28b, and 28c. These are your total payments.	1
Step 8	29 If line 28d is more than line 27, subtract line 27 from line 28d.	
Figure your	This is the amount you overpaid. 29	
refund or	and the All Comment with the Maria Andrews and the Maria	+
amount you	30 Amount of line 29 you want refunded to you. 30	
owe	31 Amount of line 29 you want applied to your 1992 estimated tax. 31	
Attach check or money order on top of Form(a) W-2, etc., on	32 If line 27 is more than line 28d, subtract line 28d from line 27. This is the	
page 1	33 Estimated tax penalty (see page 43).	
Step 9	Under penalties of penjury, I declare that I have examined this return and accompanying schedules and statements, and to the bland belief, they are true, correct, and complete. Declaration of preparer (other than the taxpayer) is based on all information of	est of my knowledge
Sign your	has any knowledge.	witten are property
return	Your segnature Date Your occupation	
Keep a copy of this return for your records.	Spouse's signature (if joint return, BOTH must sign)  Date  Spouse's scrupation	
Paid	Preparer's signature Date Check if self-employed :	social security no.
preparer's	Firm's name for yours E.I. No.	•
use only	of self-employed) and siddress ZIP code	

#### **TRANSPARENCY 2C-3**

Name(s) shown on Form 1040A

Schedule 1

Department of the Treasury-Internal Revenue Service

(Form 1040A)

Interest and Dividend Income

for Form 1040A Filers

1991

OMB No. 1545-0085

Your social security number

Part I

interest income

(See pages 26 and 50.)

Complete this part and attach Schedule 1 to Form 10 '0A if:

- You have over \$400 in taxable interest, or
- You are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989. If you are claiming the exclusion or you received, as a nominee, interest that actually belongs to another person, see page 50.

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement, from a brokerage firm, enter the firm's name and the total interest shown on that form.

1	List name of payer		Amount		
		1			
•					
	*			L	
2	Add the amounts on line 1.	2_			
3	Enter the excludable savings bond interest, if any, from Form 8815, line 14. Attach Form 8815 to Form 1040A.	3			
4	Subtract line 3 from line 2. Enter the result here and on Form 1040A, line 8a.	4			

#### Part II

Dividend income

Complete this part and attach Schedule 1 to Form 1040A if you received over \$400 in dividends. If you received, as a nominee, dividends that actually belong to another person, see page 51.

Note: If you received a Form 1099-DIV, or substitute statement, from a brokerage firm, enter the firm's name and the total dividends shown on that form.

(See pages 26 and 51.)

5 List name of payer	Amount		
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6 Add the amounts on line 5. Enter the total here and on Form 1040A, line 9.	6		

For Paperwork Reduction Act Notice, see Form 1040A astructions.

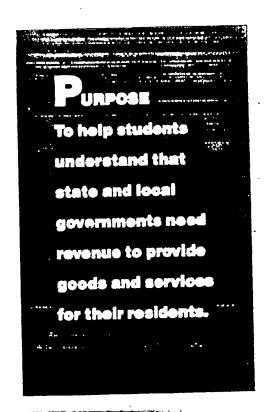
Cat. No. 12075R

Schedule 1 (Form 1040A) 1991

### UNIT 3

### UNDERSTANDING STATE AND LOCAL TAXES





#### **OBJECTIVES**

Students will list kinds of taxes collected by state and local governments and identify the nature of the taxes – consumption, income, or wealth.

Students will give examples of goods and services provided by state and local tax revenues

#### **MATERIALS**

Transparency 3, "Three Primary Tax Bases," identifying the three economic tax bases and listing examples of each.

#### KEY TERMS

Consumption Tax — A tax imposed on using a product or service. The most common are sales and excise taxes.

Use (or User) Tax — Similar to a sales tax, but imposed for the use of something. The tax may be imposed on a lease, such as for storage, or on the purchase of property not covered by sales tax.

Wealth (Property) Tax — A tax

wealth (Property) Tax Atax on property, based on the value of the property.

### OPENING THE LESSON

Have your students create, a list of when and where they pay taxes. ("April 15th," "every week," "when I buy gas."

Tat the record store, etc.) If necessary, have them include their families and neighbors. Encourage them to suggest examples of taxes based on income, on consumption (e.g., sales taxes), and on wealth (e.g., property taxes).

In order to explore the variety of taxes levied by most states (income taxes, sales taxes, and wealth and property taxes) you will want to introduce your students to the basic resources (called economic bases) that are commonly taxed

#### **DEVELOPING THE LESSON**

Review students' comments and, using the transparency, introduce your students to the three important state and local taxes (income, consumption, and property and wealth). The following background information can be used to supplement the transparency as you see fit:

- In the majority of states, the earnings of both individuals and corporations are subject to income taxes. The individual income a taxpayer earns in a year's time from all sources—including wages, interest from banks, dividends from stocks, tips, etc.—reflects a primary base for taxation.
- Most states also impose corporate income taxes based on the earnings and profits of a company or business. As is the case with individual income taxes, some states also provide certain adjustments to business income tax through tax exemptions. And, in some states, corporate income tax rates are kept lower than in other states as a way of attracting new-business.
  - \* As an economics term, "consumption" may be new to your students. As you introduce consumption taxes, you may want to have your class list goods and services that they and their families consume. Refer to these as you present the most important kinds of consumption taxes in many states; sales taxes, use taxes, and excise taxes.
  - Sales taxes are usually paid on items such as cars, clothing, and

movie tickets, and are an important source of revenue for most states (and some large cities and counties). **Use taxes** are usually imposed for the storage, use, or purchase of personal property, and are very similar to sales taxes. Usually, use taxes are applied to lease or rental transactions, or to major items (such as automobiles) purchased outside of the state.

- Excise taxes (sometimes called "luxury taxes") place the burden of paying a tax directly on the consumer (and sometimes the producer as well) of a good or service. An example is the gasoline excise tax. Every state imposes a liquid fuel tax on gasoline and diesel fuel purchased within the state. Most often, this is a cents-per-gallon tax, and rates vary from state to state. As with other types of taxes, states make allowances available to certain groups (volunteer fire companies, for example) by exempting them from paying tax on their gasoline consumption, Some states also impose excise taxes on tires, fishing equipment, airplane tickets, beer and liquor, firearms, and tobacco products.
- Wealth or property taxes are the most important source of income for local governments today. People usually pay property tax to the county, school district, local government, or water district. It is, however, the state that establishes the guidelines under which local governments can impose property taxes. The revenue from property taxes usually goes toward financing public services, which such as public schools, police protection, and sanitation. The amount of tax to be paid is figured a high on the total value of the property or on a certain percentage of the value Most statés divide "prop- ... erty and wealth" into two broad categories: real property and personal property
- Taxes on real property tax private homes, land, and business property on the hasis of the property's value, in general, real property is defined as land and items that are permanently attached to the land. Some state and local governments

BEST COPY AVAILABLE 15

also impose taxes on personal property, which is basically property that is not real property. Examples of personal property include cars, boats, recreational vehicles, livestock, business inventories and stock-on-hand, computers, equipment, tools, and furniture. Other taxes on property and wealth include inheritance, estate, and gift taxes.

#### CONCLUDING THE LESSON

Make students aware that the state tax programs discussed above account for the majority of revenues collected by the states. There are other Important taxes in some states though, including inheritance taxes, estate taxes, and vendor taxes. If these apply in your state, explain that inheritance taxes are imposed on the transfer of property after the owner's death, and paid by the beneficiary of the property. Estate taxes differ in that they are imposed on the entire estate of the deceased. The federal government, as well as some state governments, Imposes estate taxes.

A vendor tax system taxes the person doing business. This tax is imposed by some states based on the amount of goods sold. For example, if you owned a record store, you would be taxed by your state for the right to sell records to the public. The amount of tax you paid would be based upon how many records you sold.

#### **EXTENDING THE LESSON**

You may want to contact a local official (the county recorder's office in many states) to make a presentation to your class concerning how property taxes are assessed in your state or locality, what kind of property is exempt, and how the revenue from property taxes is used.

To determine the value of a piece of real property for tax purposes, an assessor is often employed. The assessor determines how much a piece of property would sell for if it were being sold today. This is called the property's market value. For example, an assessor appraising a house would investigate the sale of a similar house in the area, the general market conditions of the day, the location and age of the house, and the construction of the house.

As with other taxes, various states may also exempt some groups or organizations from paying real property taxes. Hospitals, schools, religious facilities, and state and local governments are placed within the exemption category in many states.

You might also contact your state income tax bureau and arrange for a representative to speak to your class. Have your students prepare questions in advance concerning your state's official definitions of taxable income, allowances, deductions, and exemptions that are available to all taxpayers.

If there is a lottery in your state, allow a volunteer or small group of volunteers to research the lottery for extra credit. The students mig' † report on the revenue raised by the lottery and how it is being spent. Does the lottery keep taxes lower or provide services that might not otherwise be available? Is the lottery faring as well as predicted? Are the funds raised by the lottery being used as intended? If not, why not?

4

## UNDERSTANDING STATE AND LOCAL TAXES

TRANSPARENCY 3

### THREE PRIMARY TAX BASES

## **Consumption (sales) Taxes**

automobiles clothes stereos refrigerators washing machines cassette tapes furniture bicycles computers paper air conditioners boats

## Wealth (property) Tax

land homes permanent structures (barns, garages, shed, etc.) rental property livestock recreational vehicles boats business inventories inheritance, estate, and gift taxes

### **Income Tax**

wages and salaries stock dividends interest on savings welfare and social security benefits insurance benefits

UNIT 3

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Please	indicate	your	choice	by	filling	in
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School name:			
School address:			
City:	State:	Zip:	

1. How would you rate the treatment of the subject matter in this unit?

c = thorough c = adequate c = too brief c = inadequate

2. How would you rate student interest in this unit?

c = high c = good c = fair c = poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?

Name:

greatly improved greatly improved greatly improved greatly improved greatly improved greatly improved

4. In what class did you use this unit?

c = economics c = business ed. c = vocational ed.

- home ec./consumer ed. - civics/government - other

5. With what grade did you use this unit?

6. With how many students did you use this unit?

c = fewer than 30 c = 30-50 c = 51.75

= 76-100 = 101-200 = more than 200

Paperwork Reduction Act Notice
We ask for this information so that we may review this Taxpayer
Education program and revise it in the future, Your response is voluntary.

OMB No. 1545-0799 Expires 11-30-90

# 3

### UNDERSTANDING TAXES! INSLUATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

School address:

City: \_\_\_\_\_ State: \_\_\_\_ Zip: \_\_\_\_

160

1. How would you rate the treatment of the subject matter in this unit?

thorough c = adequate
too brief c = inadequate

2. How would you rate student interest in this unit?

c = high c = good c = fair c = poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?

greatly improved much improved somewhat improved not improved

4. In what class did you use this unit?

e economics ed. e vocational ed.

c = home ec./consumer ed. c = civics/government c = other

5. With what grade did you use this unit?

6. With how many students did you use this unit?

□ □ fewer than 30 □ □ □ 30-50 □ □ □ 51-75

= 76-100 = 101-200 = more than 200

Paperwork Reduction
Act Notice
We ask for this information so that we may
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Your response is
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Internal Revenue Service UNDERSTANDING TAXES P.O. BOX 1400K DAYTON, OH 45414



### UNIT 4

### UNDERSTANDING HOW TAXES EVOLVE



## PURPOSE

To help students understand the constitutional basis of our federal tax system and how it has evolved in response to three major themes in U.S. tax history.

#### **OBJECTIVES**

Students will explain that the federal government's authority to levy taxes is based on the Constitution and subsequent legislation.

Students will identify three major themes in the evolution of our federal tax system as:

- The need to raise revenue
- The desire to be fair to different income groups.
- The desire to influence people's behavior toward socially desirable ends.

Students will explain the significance of the following key developments in the evolution of our federal tax system:

- The enforcement of early excise taxes on whiskey.
- The 16th Amendment to the Constitution.
- The Social Security Act of 1935.
- The adoption of income tax withholding during World War II. .
- The continuing use of tax deductions to encourage behavior such as home ownership and charitable contributions.

#### **MATERIALS**

A video entitled, "Evolution of Our Federal Tax System."

Transparency 4A-1, \*Regressive and Progressive Taxes," comparing these taxes graphically

Transparency 4A-2, "Tax Rates and the Tax Base," showing the relationship between high and low tax rates and narrow and wide tax bases.

Student handout 4A-1, "Key Terms"

Student handout 4A-2, "Identifying Tax Policy Concerns," on which students distinguish among important tax policy objectives.

#### **KEY TERMS**

Excise Taxes **Import Duties Itemized Deductions Payroll Taxes Personal Income Taxes Tax Credit Progressive Taxes** Regressive Taxes **Standard Deduction** Taxable Income Taxes Tax Exemption Tax Liability Withholding

(See student handout 4A 1, "Key Terms," for definitions of these terms. Depending on how you want to use this and subsequent lessons, you may not want to emphasize all these terms at the same time. If duplicated and distributed to students, this student handout can be a basic reference resource for repeated use with different lessons.)

#### **OPENING THE LESSON**

Explain to students that this lesson is about how the federal tax system came to be the way it is today. Briefly review the Key Terms you want to emphasize for this lesson to make sure students are familiar with their meanings.

On the chalkboard, list the three underlying themes that have shaped the U.S. tax system; the need to raise revenue, the attempt to be fair, and the desire to influence behavior. Ask students to watch for examples of these ideas in the video program.

View the video, "Evolution of Our Federal Tax System":

- A narrator and his friend Doug lead viewers on a historical tour of several key events that have shaped our federal tax system. ... Graphics, photographs, and sound effects help emphasize the three underlying themes: "Raise Revenue," "Be Fair," and "Influ- . ence Behavior."
- The suppression of the Whiskey Rebellion of 1794 illustrates the -newly formed federal government's determination to enforce. its constitutional authority to levy taxes.
- The War of 1812, the Civil War. World War I, and World War II are examples of times when the government needed to raise additional revenue. The Social Security Act of 1935, which provided for new payroll taxes as well as new types. of federal spending programs, is, mentioned, and the spread of 🚣 income tax coverage and the adoption of pay-as-you-earn tax withholding during World War II are dramatized.
- The 16th Amendment, which authorized a progressive income? tax, demonstrates the government's desire to be fair to different at income groups. Graphics clarify 😅 the difference between progressive taxes and regressive taxes. 🖾 (See transparency 4A-1, "Regressive and Progressive Taxes.")
- The program also shows how taxes and tax deductions influence behavior. Examples include the early excise taxes on whiskey and tobacco to discourage consumption, and post-World War II tax deductions to encourage home ( ownership and charitable contributions.
- Bringing viewers up to date, the narrator explains how the Tax Reform Act of 1986 lowered tax -: rates but attempted to raise the same amount of revenue by broadening the tax base. (See transparency 4A-2, "Tax Rates and the Tax Base.")
- A scene from a modern, computerized IRS service center is used to illustrate the point that part of the government's effort to be fair involves processing tax returns as efficiently and correctly as possible.



#### DF. VELOPING THE LESSON

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Review the video's content with questions such as:

- 1. What gives our federal government the right to levy and collect taxes? (The Constitution and subsequent legislation.)
- 2. Why is the Whiskey Rebellion of 1794 important in tax history? (it tested and reaffirmed the federal government's right to enforce tax policy.)
- 3. What were some examples in the program of times when the federal government needed to raise additional revenue? (The War of 1812, the Civil War, World War I, and World War II.)
- 4. Why is the 16th Amendment Important in tax history? (it authorized a progressive income tax.)
- 5. Why was it possible to cut federal income tax rates five times during the 1920s and still collect enough revenue to run the federal government? (There were no wars or social welfare programs, and an expanding economy increased incomes and broadened the tax base.)
- 6. Why is the Social Security Act of 1935 important in tax history? (it authorized new payroil taxes and new types of federal spending programs.)
- 7. What impact did World War II have on the federal income tax system? (it greati; "sxpanded the coverage of the income tax, and tax withholding, "pay-as-you-earn" taxation, was adopted in 1943.)
- 8. How did the Tax Reform Act of 1986 broaden the tax base? (It reduced or eliminated some tax deductions and tax credits. This increased the amount of Income subject to taxation.)
- 9. What were some examples in the program of tax policy's influencing behavior? (Aicchol and tobacco taxes discourage consumption. Tax deductions for interest payments on home mortgages and charitable contributions encourage these activities. Removing the deduction for state sales taxes influenced Doug's decision to buy a new car.)

ERIC Duplicate and distribute student handout 4A-2, "identifying Tax

Policy Concerns." This handout asks students to identify the primary concerns of ten statements about tax policy. In some cases more than one concern may be involved. Encourage discussion, and try to get agreement on student answers.

Note: Suggested handout answers:

1. R	6. FAR
2. F	7. F&R
3. B	8. R&F
4. R	9. 🖪
5. F A R	10. R.S.F

#### **CONCLUDING THE LESSON**

Use transparency 4A-1, "Regressive and Progressive Taxes," to emphasize the definitions of these key terms.

Use the five tax brackets below to illustrate how the federal income tax takes a larger percentage of high incomes than low incomes. (You may want to remind students that "taxable income" is less than total income because of tax exemptions and tax deductions.)

1987 TA	1987 TAX RATE		
Taxable income	Rate for a Single Person		
0-\$1,800	11%		
\$1,801-\$16,800	15%		
\$16,801-\$27,000	28%		
\$27,001-\$54,000	35%		
\$54,001 & above	38.5%		

Have your students discuss this question: Do you think that a progressive income tax is a fair tax?

Explain that import duties and excise taxes are generally classified as rear' solve taxes because low-income groups spend a large percentage of their income on taxed items. High-income groups usually save and invest a large percentage of their incomes, and thus spend a smaller percentage on items covered by these taxes.

Use transparency 4A-2, "Tax Rates and the Tax Base," to illustrate how the same amount of revenue can be raised with high tax rates and a narrow tax base, or with low tax rates

and a wide tax base. (No specific numbers are provided on the transparency, but you could indicate that tax revenue of \$3 million can be raised by using a tax rate of 30% on a tax base of \$10 million, or by using a tax rate of 10% on a tax base of \$30 million. Any other 3-to-1 ratio can be used with the scale shown on the transparency.)

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Have your students discuss this statement: Our income tax rates could be a lot lower if we eliminate all exemptions and deductions and make people pay taxes on all of the income they earn. How would this affect tax revenue? Tax fairness? People's behav'

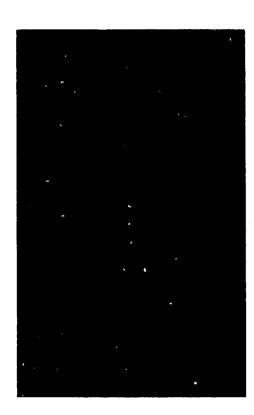
#### **EXTENDING THE LESSON**

Have students identify the specific parts of the Constitution that form the basis of our federal tax policy.

Have students study historical examples of how government social programs relate to tax policy. For example, students might compare and contrast the numerous social programs and related tax policies of President Roosevelt's "New Deal" and President Johnson's "Great Society." Or, students might compare and contrast the policies of "economy in government and tax cuts" of the Coolidge and Reagan administrations.

Students might study in detail the Tax Reform Act of 1986. How much were tax rates lowered? What deductions and tax credits were oliminated? What deductions and tax credits were retained? Do students think this tax reform made our Income tax fairer? Why?

Additional video lessons that can be used to develop some of the main points in this lesson in greater depth are Unit Five, Lesson A: "Taxes Raise Revenue"; Unit Five, Lesson C: "Taxes influence Behavior"; Unit Five, Lesson D: "Taxes involve Conflicting Goals"; Unit Six, Lesson A: "Taxes Affect Different income Groups"; and Unit Six, Lesson B: "Taxes...What is Fair?" You may wish to look at the lesson plans, transparencies, and student handouts that accompany these lessons at this time.



#### **OBJECTIVES**

Students will describe the formal process of enacting tax legislation, based on Article I of the Constitution and Involving separation and sharing of powers among the two houses of Congress and the executive branch of government.

Students will describe the informal process for affecting tax legislation, based on the First Amendment to the Constitution, which guarantees the right of individuals to petition the government and its representatives.

Students will define federal tax policy as a compromise among varying interests of citizens and their representatives in government, who must balance their own views with those of their constituents and other government decision makers.

#### MATERIALS

A video entitled, "Making Federal Tax Laws."

Transparency 4B, "Tax Laws: Legislative Process," outlining the process by which tax laws are made.

Student handout 4B, "Case Study: The Duck Stamp," presenting a case study for review and discussion.

#### KEY TERMS

Formal Tax Legislation

Process — The strict constitutional steps (involving Congress and
the president) that a proposed tax
must pass through before it
becomes law.
informal Tax Legislation

Process — Individuals and interest
groups expressing and promoting

their opinions about tax legislation.

#### **OPENING THE LESSON**

Explain to atudents that this lesson is about how taxes become law.

Briefly discuss the question, "How do you think a new tax policy becomes law?"

Put the Key Terms for this lesson on the chaikboard and review their meanings with students. Emphasize that tax laws result from a combination of formal (legislative) and informal (lobbying) procedures. Ask students to watch for examples of these two procedures in the video program.

View the video, "Making Federal Tax Laws":

- In this program, Julie and Craig are students who work part-time in Mr. Scribbs's dry cleaning store. The students are concerned when they learn that their employer is worried about how a proposed change in federal tax laws might adversely affect his business. They're even more concerned when they realize their chances for a raise, and maybe even their jobs, may be jeopardized.
- Julie and Craig begin to debate the question of what Mr. Scribbs can do, and they strongly disagree. Julie thinks Mr. Scribbs should contact Congresswoman March about his views on the proposed tax legislation. Craig is skeptical; he doesn't think expressing an opinion would do any good.
- Julie explains the disagreement to Mrs. Pauling, her social studies teacher. Mrs. Pauling tells her that the congresswoman will be making a presentation at school soon, and reminds Julie that everyone has a constitutional right to petition the government and its representatives. In fact, viewers see

- Congresswoman March receiving two phone calls — one asking her to vote for a particular tax bill, and the other asking her to oppose the very same bill.
- Congresswoman March's presentation to the student assembly includes an outline of the formal steps required for a tax bill to become law. (See transparency 4B, "Tax Laws: Legislative Process.") She also emphasizes the informal procedures by which people can make their views known to governmental decision makers. She states that "the final version of any tax law represents a balance and blending of many conflicting interests."
- The debate between Julie and Craig about how effective an Individual can be erupts once again at the student assembly. Craig grudgingly admits that Julie may be right, but settling the debate doesn't solve the problem of raises or dampen their friendly combativeness.

# **DEVELOPING THE LESSON**Review the video's content with questions such as:

- 1. Why was Mr. Scribbs concerned about the proposed tax legislation? (If passed, his after-tax income would go down.)
- 2. Why were Julie and Craig concerned about it? (Mr. Scribbs might not be able to give them the raises he promised them. In fact, he might not be able to keep them both as employees.)
- 3. What might Mr. Scribbs do about his concerns? (He could phone or talk in person to his representative, Congresswoman March, and express his opinion. He could write letters, attend meetings, or distribute literature. He could join a special interest group.)
- 4. What did Mrs. Pauling tell Julie about citizens' rights concerning taxes? (According to the First Amendment, citizens have the right to express their views individually or in groups to the government and its representatives.)





5. Why did Congresswoman March say that tax legislation is the result of a balance and blending of many conflicting interests? (During the formal legislative process, people and groups whose interests are affected make their views known to elected representatives, the president, and other government officials.)

Show transparency 4B, "Tax Laws: Legislative Process," to review the formal steps in the procedure by which a tax becomes law.

Duplicate and distribute student handout 4B, "Case Study: The Duck Stamp." Students should read this case study and decide whether they agree or disagree with the statement at the bottom of the handout.

Have students present their opinions in a formal debate. Limit the amount of time each student (or each side) has to present arguments. List the important points side by side on the chalkboard.

#### **CONCLUDING THE LESSON**

Have the whole class work out a compromise position, taking into account both sides of the issue. Students should try to balance and blend the conflicting points of view. Finally, take a vote on the compromise position to determine whether a majority of students will accept it.

Point out that being able to present a variety of viewpoints is an important constitutional right, and an essential part of the legislative process. Special interest groups and their lobbyists take advantage of this right by trying to persuade legislators to back their positions. (You may want to explain that the term "lobbying" was coined many years ago, when people waited in the lobbies outside the House and Senate chambers, hoping for the chance to speak with the lawmakers as they entered or left. Today, lobbying is an accepted part of the legislative process, and lobbyists are often viewed by members of Congress as useful sources of information and political support.)

Have students give examples of the types of interest groups that might support or oppose the following tax proposals:

- 1. Allowing a tax credit for certain child care expenses of working mothers.
- 2. Allowing taxpayers to deduct contributions to individual retirement accounts.
- 3. Increasing the federal excise tax on tobacco products.
- 4. Eliminating the mortgage interest deduction on second homes.
- 5. Placing a tariff (or import tax) on oil imported from foreign countries.

in the video, Julie thought an individual could make a difference and influence legislation. Craig didn't think an individual could make a difference. Who do you think was right? Why?

invite a lobbyist or representative of a tax reform group to speak to the class about the difficulties and re-

a tax reform group to speak to the class about the difficulties and rewards of such a job. Or invite representatives of two opposing groups to debate their positions.

Have students examine in detail the many steps through which a new piece of legislation must pass. Do students think the constitutional system of checks and balances prevents unfair laws? Is the system too slow and cumbersome to justify the results?

Have students research the issues and concerns that resulted in a new tax law or the repeal of a tax law. For example, students might consider the 1935 Social Security payroll tax, the excess corporate profits tax that was in effect during the World Wars and the Korean War, or the Tax Reform Act of 1986.

Select a federal tax issue that you think will be of interest to your students and have them write a letter to their representative or senator supporting or opposing legislation on this issue. Have students list the advantages and disadvantages as they see them, and have them indicate what other actions they might take to influence their representative's vote if they felt very strongly about the issue.



**TRANSPARENCY 4A-1** 

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Regressive taxes take a larger percentage of

## **REGRESSIVE AND PROGRESSIVE TAXES**

REGRESSIVE

TAXES
HIGH

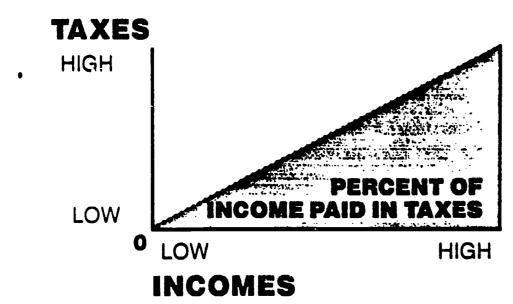
PERCENT OF INCOME
PAID IN TAXES

LOW

O LOW
HIGH
INCOMES

### PROGRESSIVE

Progressive taxes take a larger percentage of high incomes than low incomes.



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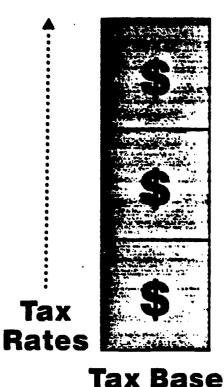
UNIT 4

**TRANSPARENCY 4A-2** 

### TAX RATES AND THE TAX BASE

The same amount of revenue (\$) can be raised with:

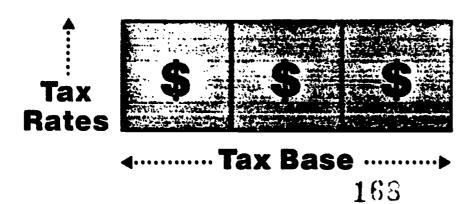
## **High Tax Rates and a Narrow Tax Base**



Increasing exemptions, deductions, and credits narrows the tax base.

or Low Tax Rates and a Wide Tax Base.

Reducing exemptions, deductions, and credits widens the tax base.



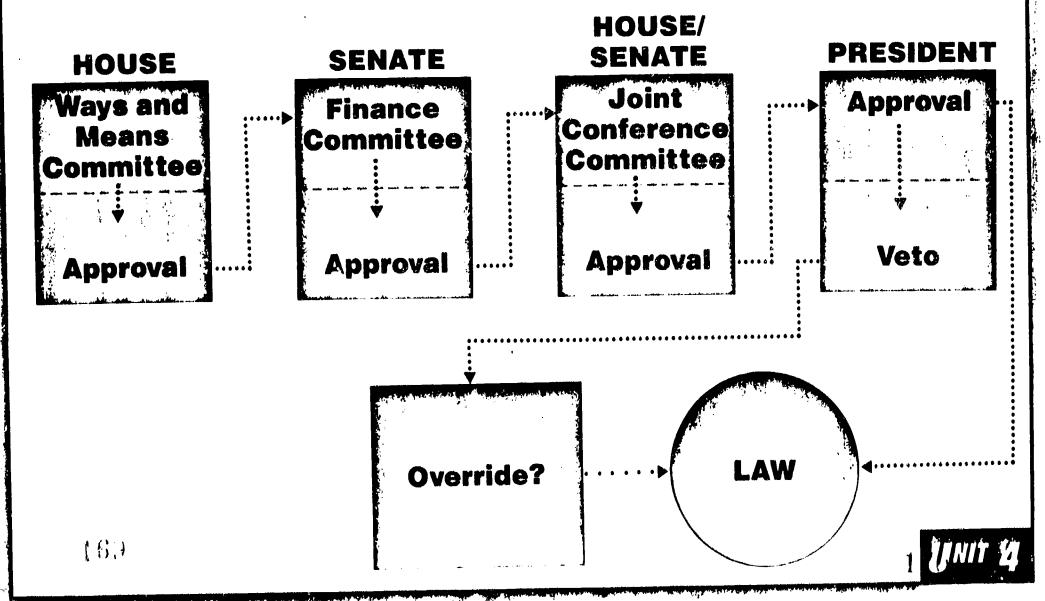
UNIT 4

THE PARTY OF THE PARTY OF THE PARTY.

# UNBERSTANBING HOW PARES EVOLVE

**TRANSPARENCY 4B** 

## TAX LAWS: THE LEGISLATIVE PROCESS



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#### STUDENT HANDOUT 4A-1

### **Key Verms**

#### Taxes

Required payments of money to governments that are used to provide public goods and services.

#### **Excise taxes**

Taxes on the sale or use of specific products or transactions.

**Import duties** (tariffs or customs duties) Taxes on products imported from foreign countries.

#### Personal income tax

A tax based on the amount of taxable income that people receive annually. Taxable income is less than total income because of tax exemptions and tax deductions.

**Tax liability** (or total tax bill)
The amount of tax that must be paid.

#### Tay exemption

A part of a person's total income that is exempt from taxation. In 1987, federal taxpayers were granted a personal exemption of \$1,900 for themselves, their spouse, and each dependent. This exemption is scheduled to increase in future years.

#### Standard deduction

A part of a person's total income that can be deducted before determining taxable income. In 1987, single taxpayers were given a standard deduction of \$2,540, and married taxpayers filling joint returns were given a standard de luction of \$3,760. These deductions are scheduled to increase in future years.

#### Itemizea: Jauctions

Taxpayer expenditures on specific items that can be deducted from total income before determining taxable income. Itemized deductions allowed in 1987 include: mortgage interest payments on first and second homes, contributions to charitable organizations, state and local

income taxes and property taxes, part of personal interest expenses, major medical expenses, and miscellaneous itemized deductions over certain limits. The personal interest deduction is scheduled to be reduced each year until it is phased out completely in 1991.

A tax deduction reduces tax liability by a fraction based on a taxpayer's tax bracket. That is, a \$100 tax deduction reduces tax liability by \$15 for a taxpayer in the 15% bracket, by \$28 for a taxpayer in the 28% bracket, etc.

#### Tax credits

Taxpayer expenditures on specific items that can be credited directly against their tax liability. In 1987, certain work-related child-care expenses could be used as tax credits. A tax credit reduces tax liability by the full amount of the credit. That is, a \$100 tax credit reduces tax liability by \$100, regardless of a taxpayer's tax bracket.

#### **Payroll taxes**

Taxes collected from employers and employees to finance specific programs such as unemployment compensation and social security benefits. These taxes are levied on wages, salaries, and self-employment earnings up to a certain ceiling. They do not apply to other forms of income such as interest and divide

#### Progressive taxes

Taxes that take a larger percentage of income from high-income groups than low-income groups.

#### Regressive taxes

Taxes that take a larger percentage of income from low-income groups than high-income groups.

#### Taxable income (tax base)

The part of total income subject to taxation. Taxable income is less than total income because of tax exemptions and deductions.

**Withholding** ("pay-as-you-earn" taxation) Money that employers withhold from employees' paychecks. This money is sent to the government and credited against the employees' tax liability.



STUDENT HANDOUT 4A-2

## Identifying Tax Policy Concerns

Below are several imaginary comments on tax policy that Americans might have made at different times in history. In the blank following each comment, use an "R," a "B," or an "F" to identify which of the following appears to be the primary concern of the speaker. In some cases, the speaker may be concerned about more than one thing.

- **R** = Raising revenue.
- **B** = Influencing behavior.
- F = Maintaining fairness.
- 1. Tax advisor to President Washington:
  "One way to meet our pressing bills is to tax whiskey. We must repay our war debt to show the world that our government can survive."
- 2. A Pennsylvania farmer in 1794: "Making corn whiskey is the only way we have to market our crop. A whishey tax is unfair to corn farmers; we'll fight to protect ourselves from this tax."
- 3. A Congressman in 1822: "We should put a high tax on imported rum to discourage its consumption. Drunkenness threatens our social order."
- 4. A Senator during the Civil War: "Our national debt is now increasing at the rate of \$2 million per day. Only an income tax will give us the revenue we need."

- 5. An advocate of tax reform in the 1890s: "Excise taxes and import duties fall heaviest on the poor. They spend a larger part of their income on taxed items than do the rich. We need an income tax that will tax the rich and leave the poor alone."
- 6. A farmer in 1910: "If we don't pass a federal income tax, they might put a property tax on my farm land. You have to pay a property tax even if times are bad, and you don't earn any income."
- 7. A newspaper editor from Missouri in 1935: "We must support President Roosevelt in his effort to pass the Social Security Act. May of our people have suffered greatly during the Depression. Government intervention will provide the help they need if we can get the revenue to do it."
- 8. The mother of two soldiers in 1943: "I don't mind paying my share of income tax. After all, it's my sons fighting over there."
- 9. A newly-married couple from California in 1978: "Even though our parents think we shouldn't do it, we're going to buy a home. The tax breaks are too good to pass up."
- 10. A tax advisor to President Reagan: "If we eliminate some deductions and tax credits, we can lower tax rates and still collect the same amount of revenue. Plugging tax loopholes will eliminate many tax inequities."

UNIT 4



STUDENT HANDOUT 4B

### **Case Study: The Duck Stamp**

Read the following case study and decide whether you agree or disagree with the statements at the end. Be prepared to defend your position.

In the late 1920s and early 1930s, the population of migrating waterfowl was decreasing, and there was widespread loss of wetlands in the U.S. (Wetlands are marshes and swamps that are natural habitats for many species of wildlife.) Migrating waterfowl were being overhunted and the wetlands that the birds used along their migration routes had dried up, particularly in the Dust Bowl prairie states.

A special interest group of sportsmen and conservationists began to lobby in Washington for a federal program to protect migratory waterfowls and wetlands. They were successful. In 1934 a federal act was passed that authorized what is now the Federal Migratory Waterfowl Stamp, or what many call the "Duck Stamp."

The Duck Stamp is a direct tax (a fee) that applies only to hunters. Anyone in the U.S. who wants to hunt waterfowls must purchase a federal Duck Stamp in addition to a hunting license. (In 1987, a federal Duck Stamp cost \$20)

The money that the government collects from the sale of these stamps goes directly to the U.S. Fish and Wildlife Service. It is used for the purchase, development, and maintenance of the nation's wetlands.

Even though the Dust Bowl days are over, loss of wetlands is still a major problem. In the U.S., Canada, and Mexico, 450,000 to 500,000 acres of wetlands are being lost each year. As population increases, pressure to develop these wetlands for private and commercial purposes has grown. To protect their resources, many individual states have instituted their own Duck Stamp programs in addition to the federal program. Just as with the federal stamp, any hunters who want to hunt waterfowl must purchase a stamp. States use the money in the same way as the federal government — to protect their wetlands and the wildlife that lives in them.

## Do you agree or disagree with the following statements?

Since everyone benefits from saving wetlands, everyone (not just hunters) should pay for it. General tax revenues (or new taxes) should be used to purchase and maintain wetlands, and the Duck Stamp taxes should be repealed.

UNIT 4



THIS DIRECTION

Please indicate your choice by filling in the appropriate box with a #2 pencil.

School name:			
School address:			
City	State:	7in·	

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How would you rate the treatment of the subject matter in this unit?

ے adequate - thorough

□ □ inadequate too brief

How would you rate student interest in this unit?

□ high

□ □ good

□ ∍ fair

c 3 poor

After working with this unit, how would you rate the students' knowledge of the subject matter?

□ □ greatly improved □ □ much improved

somewhat improved
 not improved

In what class did you use this unit?

a economics a business ed.

c vocational ed.

= = home ec./consumer ed. = = civics/government = = = other

Name: \_\_

With what grade did you use this unit?

c = 7 or 8

r 3 9

.. 3 10

c = 11

c □ 12

With how many students did you use this unit?

□ ⇒ fewer than 30 □ □ ⇒ 30-50

□ 3 51-75

= 76-100

□ 101-200

□ a more than 200

**Paperwork Reduction** Act Notice We ask for this information so that we may review this Taxpayer Education program and revise it in the future. Your response is voluntary.

OMB No. 1545-0799 Expires 11-30-90

# UNIT

# FULLIATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

School name: School address: City: \_\_\_\_\_ State: \_\_\_\_ Zip: \_\_\_\_\_

How would you rate the treatment of the subject matter in this unit?

thorough

□ □ adequate

u o too brief

= inadequate

How would you rate student interest in this unit?

⊏ ⊐ high

್ ⊐ good

c = fair

L J poor

After working with this unit, how would you rate the students' knowledge of the subject matter?

□ ⇒ greatly improved
□ □ much improved

somewhat improved not improved

In what class did you use this unit?

economics business ed.

u vocational ed.

home ec./consumer ed. - civics/government and the

With what grade did you use this unit?

□ 3 7 or 8

□ □ 76-100

a 3 9

c = 10

n a 11

c = 12

With how many students did you use this unit?

□ ⇒ fewer than 30 □ ⇒ 30-50 c = 101-200

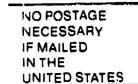
□ **□** 51-75

more than 200

174

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### UNIT 5

### UNDERSTANDING THE IMPACT OF TAXES



## LESSON A TAXES RAISE REVENUE

Purpose

To help students
understand that
taxes are used to
raise revenue and
transfer resources
from use by private
individuals to use
by various levels of
government.

#### **OBJECTIVES**

Students will describe taxes as required payments that are used to raise revenues to obtain resources for local, state, and federal governments.

Students will explain how taxation reduces income that would otherwise be available to individuals to purchase goods and services for their personal use.

#### MATERIALS

A video entitled, "Taxes Raise Revenue."

Student handout 5A, "Tax Revenue and Decision Making in Springville."

Transparencies 1A-1 and 1A-2 from Unit One, Lesson A. can be used effectively with this lesson.

#### **KEY TERMS**

Taxes — Required payments of money to governments that are used to provide public goods and services.

Public Goods and Services — Goods and services provided by various levels of government.

#### **OPENING THE LESSON**

Put the Key Terms on the chalkboard and review their definitions with students.

Have students develop two lists on the chalkboard. One list should be the taxes they and their parents pay, and the other the goods and services they receive from government agencies. Ask students to watch for examples of taxes and goods and services in the video.

View the video, "Taxes Raise Revenue".

- Caroline Bailey and her daughter. Jean live in a rural area. They drive country roads to get to work and school. A bridge on their route often washes out when it storms. but Mrs. Bailey is opposed to having her county tax increased to pay for the bridge's repair. She feels that she has more pressing personal uses for the money that she would have to pay in higher taxes. Jean points out that taxes raise the revenue that pays for public goods and services. She plans to defend collecting tax revenues in an economics class debate. Her opponent in the debate will be her friend Steve Hollander.
- Steve's father, Jim, is childhan of the county council. During a tense council meeting, Caroline Bailey states that she is against increasing government services in general. She also argues that a tax increase would benefit other parts of the county more than her area. Jim Hollander maintains that tax revenues provide services for the entire county, and he argues that these tax revenues are distributed fairly.
- Jean and Steve's economics class debate is about the desirable amount of government goods and services and the taxes necessary to pay for them. Steve Hollander makes many of the points that Mrs. Bailey made at the council meeting, while Jean Bailey supports the position taken by Mr. Hollander. Both Jean and Steve defend their positions well during the debate, and remain friends in spite of their opposing views Their parents are also able to overlook their differences when Steve and his father help find Jean . and bring her home after a minor car accident.

#### **DEVELOPING THE LESSON**

Review the video's content with questions such as

- 1. What were Caroline Bailey's arguments against increasing county taxes? (She has more pressing personal needs for the money, and she does not think that county services are distributed fairly).
- 2 What were Jim Hollander's arguments for increasing county taxes? (The county needs more public goods and services, including bridge repair, and the additional services would benefit everyone)
- 3. What points about taxes did Jean make during her debate with Steve? (Taxes pay for government goods and services, such as national defense, social security, public education, health and welfare, police and fire-protection, and roads and highways. People cannot obtain public goods and services on their own, but if they want them, they have to be paid for.)
- 4. What main point about taxes did ... Steve make during the debate? (People should compare the benefits of an additional tax with the personal things they would have to give up to pay the new tax.)
- 5. Can students think of alternative ways to solve the bridge problem? (Some possibilities might be to make the bridge a toll bridge and charge only the families who use it or to tax the few families who use the bridge half the amount and tax the rest of the county residents the other half.)
- 6. Do students support periodic relief and repair payments for flood victims, or would they prefer to use funds to relocate residents of floodprone areas? Why?

Review the two lists that students developed in the Opening the Lesson activity. Students should try to expand the lists based on examples shown in the video or on examples that may have occurred to them as they watched the video.

If available, use transparency 1A-1, Federal Taxes and Spending," from Unit One, Lesson A, to review the main sources of federal tax revenue

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and the main categories of federal government spending. Have students give examples of specific programs in each category.

if available, use transparency 1A-2, "State and Local Taxes and Spending," from Unit One, Lesson A, to review the main sources of state and local tax revenue and the main categories of state and local spending. Again, you may wish to have students give examples of programs in each category; and it might be interesting to have students compare and contrast the main types of state and local taxes with the main types of federal taxes.

Have class members role play the following scenario, "Blazing Taxes":

#### The Scene

Community meeting in a western town, about 1890.

#### The Plot

Each person should try to convince the others to support his or her position.

#### The Roles

Town mayor
Undertaker
Deputy sheriff
School teacher
Saloon owner
Saloon
dancer
Storekeeper
Cavalry

troopers

Local Indian tribesmen Family of poor homesteaders Gunfighter Sheriff Cattle rancher Sheep rancher Widow on fixed income

Community Needs
Salary for sheriff and deputy
Schoolhouse and one new teacher
Judge and courtroom
New sewage ditches

Each student playing a role should 1) determine the taxes he or she would oppose or support, 2) consider how much he or she would have to pay in taxes, and 3) consider the benefits he or she would expect to receive.

#### **CONCLUDING THE LESSON**

Duplicate and distribute student handout 5A, "Tax Revenue and Decision Making in Springville." Divide students into groups. Each group should read the scenario and decide on a group proposal to solve the problem.

Note: This handout is a microcosm that mirrors the problems legislators often face — whether to cut services or raise additional revenue. Students will need to consider the relative merits and costs of the five services listed. They should attempt to be as fair an possible to the people who benefit from the services. Remind students that giving a service money implies that they support that service. If they decide to raise additional revenue, they should be as specific as possible about which taxes would be increased by how much.

After the groups have reached their conclusions, have each group present its proposed solution and the considerations that influenced their decision.

EXTENDING THE LESSON
Ask students to keep a record of the sales tax they pay for a week. Keep a running total for the class on a daily basis. At the end of the week ack students to discuss the impact the total might have on the sale of consumer goods. (Direct students to the understanding that some of

the total might be saved.)

Invite community or school officials to explain and discuss the sources of funds used to operate the school. Who might oppose a request for additional funds to build an addition for academics? For extracurricular activities (i.e., music or sports)?

Ask students to poll their parents on how they would have spent the money they paid as taxes. Ask students to identify what groups would benefit from the additional consumer spending.

Ask citizen groups opposed to and in favor of a tax increase to speak to the class.

#### **PURPOSE**

To help students understand that a tax levied on one person or group may ultimately be paid by others.

#### **OBJECTIVES**

Students will point out that all taxes are ultimately paid by individuals.

Students will define direct taxes and give an example of a direct tax.

Students will define indirect taxes and give an example of an indirect tax.

#### MATERIALS

A video entitled, "Taxes...Can They Be Shifted?"

Transparency 5B, "Direct and Indirect Taxes," showing the flow of money from taxpayers to government.

Student handout 5B, 'Direct and Indirect Taxes," on which students classify taxes as direct or indirect.

#### **KEY TERMS**

Direct Tax — A tax that cannot be shifted to others. The federal income tax is a good example of a direct tax. Indirect Tax — A tax that can be shifted to others. Sales taxes and business property taxes are examples of indirect taxes.

Tax Shift — The process that occurs when a tax that has been levied on one person or group is paid by others.

#### OPENING THE LESSON

1

Lead a brief class discussion based on the following questions:

- 1. Have you ever heard people complain that when a business is taxed it simply passes the tax on to customers by charging them higher prices?
- 2. Do you think this really happens?
- 3. Can you think of times when you think it has happened to you?

Write the Key Terms on the chalkboard and review them with students. Ask students to watch for examples of these concepts in the video.

View the video, "Taxes...Can They Be Shifted?"

- Alex Lopez is a college freshman who has just rented his first apartment. He begins to learn about indirect taxes when he discovers that his rent is going to be increased by \$40 a month. His rent is going up because property taxes on the building have increased.
- Alex asks his sister Tricia to explain why property taxes have caused his rent to go up. She points out that business property taxes are indirect taxes, because even though businesses send the money to the government, they get this money from others. Customers may pay higher prices, employees may receive lower wages, and owners may make less profit as a result. Tricia also points out that individual property taxes are direct taxes, since the people who send this money to the government cannot pass the tax on to others - they have no customers or employees to pass the tax on to.
- Alex decides to try to talk Mrs. Logan, his landlady, into postponing his rent increase. However, she is firm. Her costs have risen so much that she has had to cut back on the building's serv!ces, including the gardener.
- Alex does some research on taxes at the library. He views a video presentation that explains the difference between direct taxes and

indirect taxes. (See transparency 5B, "Direct and Indirect Taxes.") Examples of direct taxes shown in the video are the federal income tax and individual property taxes. Examples of indirect taxes shown in the video are sales taxes, payroll taxes, and business property taxes.

■ Now that Alex understands the difference between direct and indirect taxes, he can see Mrs.
Logan's point at view. He finally thinks of a pla. That will enable him to afford his apartment and help Mrs. Logan at the same time.

## **DEVELOPING THE LESSON**Review the video's content with questions such as:

- 1. Why was Alex's rent being increased? (Property taxes on the building increased.)
- 2. Is the property tax on Aiex's building an indirect tax? Why? (Yes. Mrs. Logan is shifting part of the tax increase to her tenants by raising the rent.)
- 3. What is the difference between the property tax on Tricia's house and the property tax on her shop? (The property tax on her shop can be shifted by increasing prices; therefore, it is an indirect tax. The property tax on her home cannot be shifted to anyone else; therefore, it is a direct tax.
- 4. What are some direct taxes mentioned in the program? (Personal Income tax, personal property tax.) What are some indirect taxes mentioned in the program? (Business property tax, sales taxes, payroll taxes.)

Show transparency 5B, "Direct and indirect Taxes," to reinforce students' understanding of direct and indirect taxes. It will be helpful for students to see this before they complete the student handout.

Duplicate and distribute student handout 5B, "Direct and indirect Taxes." This handout asks students to classify six different types of taxes as direct or indirect. They are





also asked to list the persons or groups who really pay the tax. In some cases, more than one group may be involved. Encourage discussion, and try to get complete answers. You may also ask students to think of other types of direct and indirect taxes not shown in the handout (e.g., direct taxes: estate and inheritance; indirect taxes: excise taxes on gasoline and automobile tires).

#### Note: Suggested handout answers:

- 1. Driver's License Fees: Direct. individual driver pays.
- 2. Sales Taxes: Indirect. Customers pay higher prices. If sales decline because of the higher prices, employees and owners may also suffer.
- 3. Personal Income Taxes: Direct. individual taxpayer pays.
- 4. Business Property Taxes: Indirect. Customers pay higher prices. If sales decline because of higher prices, employees and owners may also suffer.
- 5. Personal Froperty Taxes: Direct. individual property owner pays.
- 6. Payroli Taxes: Indirect. Employers receive fower wages and salaries than they used if there were no payroll to so if employers and owners have trouble attracting employees at the lower wages, they may absorb part of the cost in the form of lower earnings and profits.

## CONCLUDING THE LESSON Lead a class discussion about the following:

Suppose the legislature in your state is considering increasing (or imposing) a corporate income tax. Where would corporations get the money to pay the tax? Imagine how business managers, stockholders, and consumers might use the idea of tax shifting to: a) argue for or against passing this tax; b) argue for or against increasing the state sales tax; c) argue for or against increasing the state's personal income tax.

Note: Those who favor direct taxes would argue for increasing the personal income tax, which cannot be shifted. The sales tax might be shifted to consumers even more than the corporate income tax,

and so managers and stockholders might support increasing that tax instead. Consumers might support the corporate income tax because they think it is better to make stockholders pay more taxes.

#### EXTENDING THE LESSON

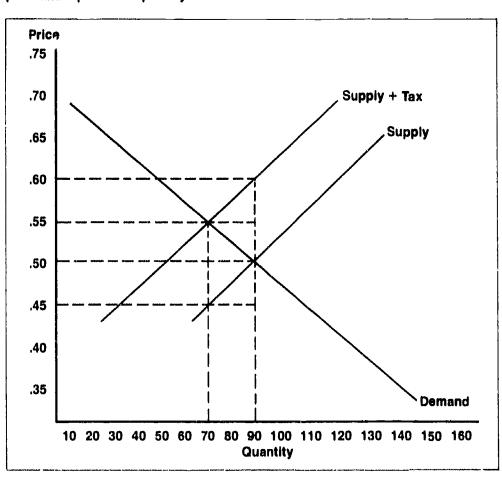
invite a businessperson to speak to the class about the relationship between indirect taxes and business profits. For example, the person might discuss a tax increase that adversely affected the price and marketability of a product.

Students might prepare and present a debate on the subject "is tax shifting fair?" Students should include historical examples of indirect taxes in their arguments.

(Optional: For classes with a strong background in economics.) Put the following graph on the chalkboard or a transparency and review it with students. Then have students answer the questions that follow. Remind them that the "Supply + Tax" curve represents a tax increase that changes the product's equilibrium price and equilibrium quantity.

- a. How much was the tax imposed on each unit of this product? (10¢.)
- b. What was the equilibrium price in this market before the tax was imposed? (50¢. Equilibrium is the point at which the quantity supplied equals the quantity demanded.)
- c. What was the equilibrium price after the tax was imposed? (55¢.)
- d. What part of the 10¢ tax was paid by producers, and what part by consumers? (Each pays 5¢. The price paid by consumers has increased from 50¢ to 55¢, and the price received by producers after paying the tax has failen to 45¢.)
- e. What was the equilibrium quantity in this market before the tax was imposed? (90 units.)
- f. What was the equilibrium quantity after the tax was imposed? (70 units.)

Note: After the tax is imposed, producers do not sell, buyers do not buy, and the government does not collect taxes on the 20-unit difference between "e" and "f."





## INDERSTANDING THE MPACT OF TAXES

STUDENT HANDOUT 5A

## Tax Revenue and Decision Making in Springville

Imagine that you are a member of the city council in Springville. Springville receives a grant from the federal government to help support public services. However, the federal government is faced with an increasing budget deficit. Rather than raise taxes, Congress has voted to reduce the amount of money it will send to state and local governments next year.

Your job is to decide what to do about the reduced funding for five Springville services. This year, the five services received a total of

\$60,000. Next year, they will receive a total of \$45,000. None of these services can operate if their federal support is cut. The amount they receive for next year must be at least as much as they received this year, or they must be discontinued. Money obtained from a discontinued service can be reallocated to another service if more than \$15,000 worth of services are discontinued. Therefore, your choices are:

- A. Discontinue the service.
- **B.** Give the service more federal money.
- **C.** Give the service the same amount of federal money.
- **D.** Give the service money raised by a new local tax.

Service	Amount this year	Amount next year	How raised? (Federal funds or new local tax)
Emergency Youth Shelter	\$12,000		
Drug Treatment Center	13,000		
Occupational Develop. Center	15,000		
Crisis Pregnancy Center	10,000		
Mental Health Service	10,000		
Totals	\$60,000	\$45,000	
Who benefits the most from your plan? Why?		fi you decide on a tax will it be, and v	new local tax, what type of a who will pay it? Everyone?
	وسيدسا مدم سديديس (د. وطفاندا	Some people, but	not others?
Who will be affected negatively b	by your plan?		
Why?	A STATE OF THE STA		



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## UNDERSTANDING THE IMPACT OF TAXES

STUDENT HANDOUT 5B

### **Direct and Indirect Taxes**

Classify each of the taxes listed below as **direct** or **indirect** by placing an **X** in the appropriate box. Then list the person or group

who really pays the tax — individual taxpayers, consumers, employees, business owners (stockholders). In some instances, more than one group may be affected.

Type of tax or payment			Direct	Indirect	Who really pays
1.	Driver's license fees:	A fixed dollar amount for each driver. The amount varies from state to state.			
2.	Sales taxes:	A percentage of a product's pre-tax sales price.			
3.	Personal income taxes:	A percentage of each person's taxable income.			
4.	Business property taxes:	A percentage of business property value.			
5	Personal property taxes:	A percentage of personal property value.			
6	Payroll taxes:	A percentage of wages and salaries.			





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**TRANSPARENCY 5B** 

## **DIRECT TAXES** Federal Income Taxes, Personal Property Taxes



GOVERNMENT

## **INDIRECT TAXES** Sales Taxes, Payroll Taxes, Business Property







#### LESSON C

#### TAXES INFLUENCE BEHAVIOR

#### **PURPOSE**

To help students understand that taxes and tax reduction influence people's behavior in ways that discourage or encourage certain activities.

#### **OBJECTIVES**

Students will describe how taxes on particular goods and services may discourage certain activities, since people can avoid the direct cost of these taxes by not buying or selling goods or services that are taxed.

Students will identify ways in which exemptions and deductions from general taxes encourage certain activities, since people can decide to engage more in the activities that are exempted.

#### **MATERIALS**

A video entitled, "Taxes Influence Behavior."

Student handout 5C, "Tax Policy Simulation," with which students roleplay a tax review committee.

Student handout 4A-1, "Key Terms," from Unit Four, Lesson A, can be used effectively with this lesson.

#### **KEY TERMS**

Taxes - Required payments of money to governments that are used to provide public goods and services.

Tax Deductions, Tax Credits, and Tax Exemptions - Types of tax reductions given by governments to consumers or businesses. (See student handout 4A-1, "Key Terms." from Unit Four. Lesson A for detailed definitions of these terms.)

Tariff Du Customs Duty or Import Duty) - 1 ... s on products imported from foreign countries.

Sales Taxes - Taxes often imposed by state or local governments on products sold at the retail level.

Business Taxes and Payments - These are levied by federal, state, and local governments. They include such payroll taxes as unemployment insurance and worker's compensation, as well as social security taxes, inventory taxes, and corporate income taxes.

Redevelopment Zone - A government designated area (usually in a city) that is declared in need of restoration and revitalization. To encourage restoration, tax reductions are available.

#### OPENING THE LESSON

Ask students to think about purchases they have made in the past. Has the amount of tax affected their decision to buy?

Write the Key Terms on the chalkboard and review their meanings. Explain to students that the video they are about to view will give examples of how taxes and tax reductions affect decisions consumers and businesses make.

View the video. "Taxes Influence Behavior":

- Carolyn Parrish's father, Rob, has quit his job in a steel mill to open his own restaurant. Carolyn reluctantly agrees to become his partner, even though it means her chances to see her boyfriend David are greatly reduced. Rob doesn't think David is the right boy for his daughter anyway.
- As Carolyn works with her father to get the restaurant started, she has several experiences that show her how taxes influence behavior.
- Import taxes on foreign goods discourage her from buying a French cologne for her father's birthday present. A sales tax causes a customer in their restaurant to buy fewer French fries.

Payroll taxes for social security, unemployment compensation, and worker's compensation discourage her father from hiring an additional employee.

- Further examples of taxes influencing behavior are a property tax abatement that encourages Rob to open his restaurant in a redevelopment zone, and a city tax on equipment without ollution controls that influences his purchase of a commercial oven. The video also shows that mortgage interest deductions influence behavior by encouraging home ownership for individuals and reducing costs for business owners. A bank loan officer explains the difference between a tax deduction and a tax credit.
- As their restaurant business booms, Carolyn persuades her father to hire David. His hard work makes a favorable impression on Rob, and as the video ends, Rob and David are discussing whether or not restaurant profits should be invested in a tax-exempt mutual fund.

#### DEVELOPING THE LESSON

Review the video's content with questions such as:

- 1. How did the import tax on the European cologne affect Carolyn's decision to purchase a domestic cologne? (The tax on the imported cologne made it too expensive for her to purchase; therefore, she selected a comparable domestic product.)
- 2. Which items in the video were mentioned as business expenses and therefore deductible items? (Interest on business loans and business purchases of certain equipment.)
- 3. Was the decision to locate the restaurant in a redevelopment zone affected by taxes? (Yes. The restaurant would receive a special tax break for locating in that particular area, which would make it less expensive to operate the restaurant.)
- 4. What did the loan officer say difference was between a tax credit and a tax deduction? (The important



difference between a tax credit and a tax deduction is the fact that the value of a tax credit does not depend on the tax bracket of the taxpayer, but the value of a tax deduction does. A tax credit of \$100 reduces taxes by \$100 for all eligible taxpayers. A tax deduction of \$100, however, reduces taxes by \$28 for someone in a 28% tax bracket, but by only \$15 for someone in a 15% tax bracket.)

Remind students that taxing a product influences people in several ways. Ask students to think about and discuss the effects of a tax increase on an item that they might buy (e.g., a videocassette recorder). Help students to understand that:

- Taxing a product makes its price higher.
- A higher price generally discourages people from buying it.
- Some people can't afford to purchase as much of the product as before.
- People get along without the product or buy substitute products that are less expensive.
- Manufacturers will tend to make less of the product, because fewer people are likely to buy it.

Duplicate and distribute student handout 5C, "Tax Policy Simulation." Divide students into groups. Each group should decide on its tax policy, and be prepared to defend its choice. Have each group present its policy to the class, and discuss its reasoning. How would each group's tax policy affect people's behavior? Have students vote on which tax policy the majority thinks is fairest.

CONCLUDING THE LESSON
As a class, generate two lists on the chalkboard. One list should be items that students think should be encouraged with special tax treatment (e.g., home ownership, child care for working mothers, pollution control equipment, or health foods). The other list should be items they want to discourage (e.g., cigarettes, alcohol, sleeping pills, or imported cars). Students should be able to defend their choices.

EXTENDING THE LESSON
Students might benefit from a visit
by a state legislator. The speaker
could talk about tax legislation that
encourages or discourages particular actions by consumers or
businesses.

Have students compile a chart that identifies specific taxes they encounter during a two-week period. Students should identify whether the tax encourages or discourages consumers.

Using a Sunday newspaper have students circle examples of taxes in the news. How does each particular tax influence behavior?

Have students debate the following:

■ Your community has the opportunity to attract a new manufacturing plant in your area. The new plant will mean many new jobs but will also cost the city additional police, fire, and sanitation services.

Would you be willing to offer this company a tax advantage to locate in your community? Why? What things do you need to consider as you make your decision?

Note: The optional graph exercise shown in Unit Five, Lesson B might also be used with this lesson in classes with a strong economics background.





#### **OBJECTIVES**

Students will give an example in which the goal of raising revenue conflicts with the goal of reducing taxes to encourage certain activities.

Students will point out that for a given level of government services, lower taxes for some groups (or activities) imply higher taxes for other groups (or activities).

Students will explain that as the result of special tax treatment of certain activities and different sources of income, people with the same income may pay different amounts of taxes.

## MATERIALS A video entitled, "Taxes involve Conflicting Goals."

Student handout 4A-1, "Key Terms," from Unit Four, Lesson A can be used effectively with this lesson.

#### **XEV TERMS**

Taxes — Required payments of money to governments that are used to provide public goods and services.

Tax Deductions, Tax Credits, and Tax Exemptions – Types of tax reductions given by governments to consumers or businesses. (See student handout 4A-1, "Key Terms," from Unit Four, Lesson A, for detailed definitions of these terms.)

Vertical Equity – The idea that people in different income groups should pay different amounts of taxes, or different percentages of their incomes as taxes. (Unequals should be taxed unequally.)

Horizontal Equity – The idea that people in the same income group should pay the same amount of taxes. (Equals should be taxed equally, or there should be "a level playing fleid.")

OPENING THE LESSON
Put the following on the chalkboard:

	THE SMITH FAMILY	THE JONES FAMILY
Income	\$25,000	\$25,000
Dependent Children	2	0
Mortgage Interest Paid	\$6,000 (Buying a house)	0 (Rent)

Which family do students think will pay more federal income taxes? (The Joneses will pay more taxes, because they do not have exemptions for dependent children or a deduction for mortgage interest.) Point out that this is an example of conflicting goals — government policy helping people who have children and own homes, while placing more of a burden on the family without children and a home.

Put the Key Terms from the lesson on the chaikboard and review their meanings with students. (If available, refer to student handout 4A-1, "Key Terms," from Unit Four, Lesson A.) Ask students to watch for examples of conflicting goals in the video program.

View the video, "Taxes involve Conflicting Goals":

- Michael Sims, and his friends Cathy and Eric, have just graduated from high school. All three had been counting on having jobs as summer interns at the community access television station. But when they report for work, Mr. Walken, the station's producer, tells them that because of cutbacks in state and federal funds the summer intern program has been cancelled.
- Michael's mother, an accountant for the state legislature, explains that after recent tax cuts there wasn't enough government money to pay for the summer jobs program. Michael is still upset, and decides to write a newspaper article about what happened to him and his friends.
- Michael's research about the subiect leads him to numerous examples of limited tax resources, and he begins to understand that often there are conflicting goals. From a state senator and a small-business owner he learns that special tax reductions are meant to encourage individuals to start businesses. These reductions may mean higher taxes for others even though they have the same income. Legislators also want to keep unpopular tax increases to a minimum, but some programs may be cut - for example, the summer jobs program. A group of students tells Michael that university housing is affordable because it is tax exempt, but the loss in property taxes means less revenue for public goods and services. At a day-care center, Michael learns that such operations are often considered to be charitable organizations, but this tax-exempt status means less revenue for government services.
- Michael's research has been thorough, and after long hours of work his article is finished. Not only is it published, but as a result of its publication he lands a summer job.





# DEMELORING THE LESSON Review the video's content with questions such as:

- 1. Why did Michael and his friends iose their summer jobs? (Government funds that had been earmarked for the summer jobs program were exhausted, and no new funds were available.)
- 2. What did Michael learn about conflicting goals from the university students? (Tax-exempt student dormitories mean loss of government revenue because such housing is exempt from property taxes, but low housing cost made it possible for some students to attend the university who would not otherwise be able to do so.)
- 3. What did Michael learn at the day-care center? (Charitable organizations are tax exempt, but this status means less revenue for government services.)
- 4. What are the effects of special tax reductions for new businesses? (They encourage individuals to start businesses, but they also may mean higher taxes for others with the same income.)
- 5. What did Michael find out about how special interest groups can affect tax rates and allocation of tax revenues? (Special interest groups, through the political process, can affect legislation and therefore increase or decrease the level of government services. This may result in higher taxes for some groups and lower taxes for other groups.)

Ask students how they think people decide whether a tax policy is desirable. How can voters and policymakers evaluate a particular tax policy? Careful decision making, involving the thoughtful evaluation of alternatives, is a valuable skill that can help students — and policymakers — make the best use of resources.

Present one or more of the problems that follow to students for consideration. Have students use the Decision-Making Model to help them organize their thoughts as they think about the problems.

## CONFLICTING GOALS DECISION-MAKING MODEL

- Step 1. State the proposed (or existing) tax policy.
- Step 2. State the result that is expected the goal to be achieved.
- **Step 3.** State the positive effects of the policy and why.
- Step 4. State the negative effects of the policy and why.
- Step 5. Decide what factors make a tax policy a good one.
- Step 6. Compare the positive and negative effects to the factors identified in Step 5, and decide whether the policy is a good one.

Problem 1. Your state government is considering an increase in state income taxes. This policy would provide more revenue for the state, which in turn would pass more revenue on to county and city governments. At the same time, the amount of money that county and city governments could raise through taxes would be "frozen" at the existing amount. What do you think of this proposed tax policy?

Note: Students should consider the following factors for Step 5 in the decision-making model: local autonomy (county and city governments having a right to make their own decisions), making taxes fairer, lowering total (ax collections, and providing better services.

Problem 2. The federal government has proposed a tax reduction for people who buy or own cars that get at least 40 miles to the gallon of gasoline. What do you think of this proposed tax reduction?

Problem 3. Your state government has proposed a tax credit for businesses that Install extra insulation in their buildings. The credit would not apply to private homes. What do you think of this proposed tax policy?

## Ask students to evaluate the bene-

Ask students to evaluate the benefits and costs of the following tax reductions:

- 1. The deduction for interest paid on loans other than home mortgages.
- 2. Child-care credits.
- 3. Credits for energy-saving devices.
- 4. Personal exemptions for the blind and elderly.

Have the class vote to determine whether a majority supports or opposes each of these policies. Then discuss any differences of opinion, emphasizing the idea of trade-offs.

#### THE LESSON

Have students write analyses of the following scenario:

■ Suppose tax reductions are granted to individuals on interest earned from the savings they accumulate. The tax reductions are meant to encourage individual savings, higher levels of capital investment by businesses, and increased financial security for families. What are the trade-offs associated with a policy that promotes such important benefits? is it a fair policy?

(in the short run, tax revenues will be reduced. However, other taxes would have to be increased to increase total revenues to the current level, or government services would have to be curtailed. Also, if savings increase, personal consumption leveis might fail. This would mean that some businesses that provide consumer products would face a period of lower income and employment levels. Businesses that make capital goods might earn higher profits an i increase employment if the increased savings were to be invested in new plants and equipment.)

Have students follow the progress of a currently proposed tax policy. Students may want to develop a scrapbook documenting the opposing arguments of special interest groups.



## UNDERSTANDING THE IMPACT OF TAXES

#### STUDENT HANDOUT 5C

### **Tax Policy Simulation**

Imagine that you are a member of a tax review committee. Your committee's job is to review an existing **hypothetical** tax policy and make recommendations by filling in the columns for **your tax policy.** 

#### You should:

1. Change the existing tax policy to reflect the items you want to encourage or discourage, but your total tax revenue must remain the same as the existing total.

- **2.** Add or increase a tax to discourage the product or activity.
- **3.** Give a tax deduction to encourage the product or activity.
- **4.** Leave the product or activity alone if you don't want to encourage or discourage it with a tax or a tax deduction.

Product or activity	Existing policy	Effect	Amount of revenue gained or lost	Your tax policy	Effect	Amount of revenue gained or lost
. Alcoholic beverages	Tax	Discourage	+ \$7,000			
. Movie theater tici ets	Tax	Discourage	+ \$1,000			
. Video movie rentals	Leave alone	None	0			
J. Gasoline	Tax	Discourage	+ \$10,000			
. Charitable contributio	ns Deduction	Encourage	- \$2,000			
6. Personal computers	Leave alone	None	0			
<ol> <li>Child-care expenses of working mothers</li> </ol>	Deduction	Encourage	- \$6,000			





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# ERIC

INIT	UNDERSTANDING
<b>E</b>	TAXES!
<b>)</b>	EVALUATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

School name:	 		
School address:			
City	Stato:	7in	

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1. How would you rate the treatment of the subject matter in this unit?

thorough adequate too brief inadequate

2. How would you rate student interest in this unit?

high good fair poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?

greatly improved : much improved somewhat improved - not improved

4. In what class did you use this unit?

economics business ed. vocational ed.

home ec./consumer ed. civics/government other

5. With what grade did you use this unit?

7 or 8 9 10

11 12

With how many students did you use this unit? fewer than 30 30-50 51-75

76-100 101-200 more than 200

Paperwork Reduction Act Notice We ask for this information so that we may review this Taxpayer Education program and revise it in the future. Your response is voluntary.

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# **5**

# UNDERSTANDING TAXES!

Please indicate your choice by filling in the appropriate box with a #2 pencil.

Name:	
School name:	
School address:	
City:	State: Zip:

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1. How would you rate the treatment of the subject matter in this unit?

thorough adequate too brief inadequate

2. How would you rate student interest in this unit?

high good fair good

3. After working with this unit how would you rate the students knowledge of the subject matter?

greatly improved much improved somewhat improved not improved

4. In what class did you use this unit?

economics business ed. vocational ed. home ec./consumer ed. civics/government other

5. With what grade did you use this unit?

7 or 8 9 10

6. With how many students did you use this unit?

fewer than 30 30-50 51-75

76-100 101-200 more than 200

Paperwork Reduction
Act Notice
We ask for this informa-

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FIRST CLASS PERMIT NO 12686 WASHINGTON. DC

POSTAGE WILL BE PAID BY IRS

Internal Revenue Service
UNDERSTANDING TAXES
P.O. BOX 1400K
DAYTON, OH 45414



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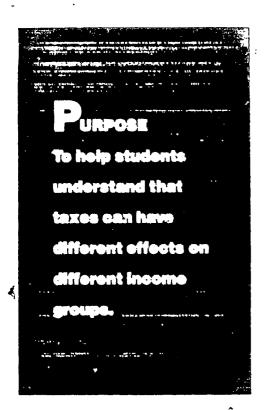


### UNIT 6

### UNDERSTANDING FAIRNESS ISSUES



# LESSON A TAXES AFFECT DIFFERENT INCOME GROUPS



#### OBJECTIVES

Students will define and give an example of each of the following, using income as a measure of ability to pay

- A progressive tax
- A regressive tax y
- A proportional tax

Students will explain how a mixture of regressive and progressive taxes could combine to make our overall tax system roughly proportional.

#### MATERIALS

A video entitled, "Taxes Affect Different Indome Groups."

Student handout 6A, "Analyzing Specific Tax Situations."

Student handout 4A-1, "Key Terms," from Unit Four, Lesson A, can be used effectively with this lesson.

#### KEY TERMS

Progressive Tax — A tax that takes a larger percentage of income from high-income groups than from low-income groups.

Regressive Tax — A tax that takes a larger percentage of income from low-income groups than from high\* income groups

Proportional Tax — A tax that takes the same percentage of in come from all income groups.

Vertical Equity — The idea that people in different income groups should pay different amounts of taxes, or different percentages of their incomes, as taxes. (Unequals should be taxed unequally)

#### **OPENING THE LESSON**

Lead a brief class discussion about the statement, "The rich should pay higher taxes than other income groups." Try to clarify what the students think is meant by "rich," and try to distinguish between the total number of dollars paid in taxes and the percentage of total income paid in taxes. If students agree with the statement, discuss what percentage of income they think would be a fair tax on the rich and other income groups.

Put the Key Terms for this Lesson on the chalkboard and review their meanings with students. Ask students to watch for examples of each of these concepts in the video (If available, you might what to use handout 4A-1, "Key Terms," from Unit Four, Lesson A, to emphasize the definitions of regressive and proportional taxes.)

View the video, "Taxes Affect Different Income Groups":

The governor in this story has a problem. His government is running out of money because the taxes he has levied on his subjects have not brought in enough revenue. In an attempt to solve the problem, he issues a proclamation. He will award special favors to anyone who can come up with a fair and workable tax system.

Tax specialists and economists come from far and lear to compete for the governor's favors. First, a tax consultant proposes that the government assess a fixed amount of fax from everyone — a regressive tax. Many citizens don't like this system because it takes a larger percentage of income from low-income groups than from high-income groups.

- Mext, an economist proposes that the system be reversed, as income gets higher, so does the percent age of tax levied—a progressive tax. Again, some citizens don't like the system because it takes a larger percentage of income from high-income groups than from low-income groups.
  - Finally, a young waitress—an unlikely candidate—proposes combining the regressive and progressive taxes so they would take the same percentage of income from all income groups—a proportional tax system. This system is popular with the citizens
- A narrator points out that taxes in the U.S. are a combination of these three types of taxes, but overall our tax system tends to be roughly proportional.

#### DEVELOPING THE LESSON

Review the video's content with questions such as:

- 1. Why didn't the citizens like the tax consultant's proposal that the government assess everyone the same amount? (It was a regressive tax. It took a larger percentage of income from low-income groups than from high-income groups.)
- 2. Why didn't the citizens like the economist's proposal that as income increased, so did the percentage of tax? (It was a progressive tax. It took a larger percentage of income from high-income groups than from low-income groups.)
- 3. Why did the citizens like the waitress's proposal? (It was a proportional tax. It took the same percentage of income from all income groups.)
- 4 Can students think of examples of progressive and regressive taxes in the U.S.? (The federal income tax is a progressive tax. Social security taxes, excise taxes, and sales taxes are regressive. See the answers for student handout 6A, "Analyzing." Specific Tax Situations," below.)

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Put the following chart on the chalkboard. Have students rank taxes A, B, C, and D on a continuum from most regressive to most progressive. Remind them that it is the percentage of income paid in taxes that is important in determining regressivity and progressivity.

TAX DOLLARS COLLECTED					
Family income	Tax A	Tax B	Tax C	Tex D	
1,000	500	5/10	100	100	
5,000	500	1,000	500	600	
10,000	5:00	2,300	1,000	1,300	
20,000	500	4,000	2,000	2,800	

(Tax A is most regressive, then Tax B, then Tax C [which is proportional], and finally Tax D [which is progressive].)

Duplicate and distribute student handout 6A, "Analyzing Specific Tax Situations." Use the suggested answers below to guide the student discussion to an agreement on the questions posed in the handout.

- 1. More Progressive. More lowincome earners will be removed from the tax roles because their income is below the amount needed to incur a tax liability.
- 2. Proportional. It took the same percentage (7.15%) of all wage and salary income over this range.

- 3. Regressive. They paid no Social Security tax on wage and salary income over \$43,800, and so their sverage tax rate would be lower than the rate for people who earned less than \$43,800.
- 4. Regressive. They pay no Social Security tax on the interest and dividend part of their income, and so their average tax rate would be lower than the rate for people who do not receive any interest or dividend income.
- 5. Regressive. It takes a higher percentage of low incomes (1.0%) than of high incomes (0.5%).
- 6. Regressive. It is most likely that low-income groups would spend a larger proportion of their income on the taxed items than high-income groups.

CONCLUDING THE LESSON
Give students the following statement and question about the federal
income tax:

#### **Statement**

itemized deductions enable some federal taxpayers to reduce their tax liability by deducting expenditures for certain activities. In a progressive tax structure, a tax deduction is worth more to a taxpayer in a higher tax bracket than a taxpayer in a lower tax bracket.

#### **Question**

Would increasing the number and the amount of itemized deductions make the federal income tax system more progressive or less progressive? Why? (Less progressive. Increasing itemized deductions would reduce the tax liability of high-income groups more than it would reduce the tax liability of low-income groups.)

The narrator in the video program points out that the total tax system in the U. S. is roughly proportional. Can students explain in their own words what this means? Do they think that a proportional tax system is fair? (The mixture of progressive, regressive, and proportional taxes in the U. S. results in an overall tax system that is considered by most observers to be broadly proportional.)

# EXTENDING THE LESSON Lead a class discussion about the following:

Since a progressive tax such as the federal income tax is acceptable to many people in the U. S., does it also make sense to adopt progressive price structures on consumer goods and services? For example, should high-income families pay a higher price for cars, electricity, groceries, and housing than low-income families?

Note: To some degree this is aiready done through assistance programs such as food stamps, Medicaid, and subsidized housing that provide low-income families with basic goods and services at little or no cost to them. Although these programs redistribute income, they may distort economic incentives and usually restrict choices available to the poor on how to spend their income.

Punposii
To help students
understand that
competing values
make it difficult to
define a "fair tax,"
but that benefits
received and ability
to pay see he mod
as criteria for tax
fairness.

Students will identify one criterion of tax fairness as benefits received.

::

Students will identify a second criterion of tax fairness as ability to pay.

Students will distinguish between wealth and income as measures of ability to pay.

A minimal walk.

A video entitled, "Taxes...What is Fair?"

Student handout 6B, "What Is Fair?," on which students identify the rationale for and rate the fairness of a variety of taxes.

: ""15

Benefits Received - A criterion of tax fairness holding that people should pay taxes in rough proportion to the benefits they receive from government goods and services. Ability to Pay - A criterion of tax fairness holding that people with different amounts of wealth or different amounts of income should pay different amounts of taxes. Ability to Pay Based On Wealth -People who have more wealth assets and property such as houses, cars, stocks, bonds, savings accounts, or valuables - should pay more taxes.

Ability to Pay Based on Income - People who have more income - wages, rents, interest, profits, or other payments - should pay more taxes.

Explain to students that this program is about two criteria that can be used to decide if a tax is fair. Have the class generate two lists and write them on the chalkboard. One list should be headed "What is a fair tax?" and the other "What is an unfair tax?" (For example, some students might think that a fair tax is one in which everyone is taxed the same amount, while others might think that an unfair tax is one in which low-income people pay the same amount as high-income peopie.) Then ask students whether the items listed suggest any general criteria about what makes a tax fair or unfair. Ask whether students agree about what makes a tax fair, and point out that it is difficult to get people to agree on this topic.

Put the Key Terms for this lesson on the chalkboard and review their meanings with students. Ask students to watch for examples of these concepts in the video.

View the video, "Taxes...What Is Fair?":

- The program's host introduces and defines two criteria of tax fairness - benefits received and ability to pay based on wealth (assets) or income. He explains that benefits received means that the people who benefit from a government service should pay for it, such as drivers paying for highway construction and maintenance. Ability to pay means that people with different amounts of income or wealth should pay different amounts of taxes. Several vignettes illustrate how these criteria are reflected in specific taxes most people pay. The examples show why people sometimes feet the taxes they pay are unfair, but also illustrate how difficult it is to apply either criterion to all taxes.
- At the local gas station, Linda Arnold, a student with a part-time job, notices the cost of gasoline

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has gone up. She wonders whether it is fair that she must pay the same amount of increased gasoline tax as her higher-income neighbor, Mr. Sackler. If the gasoline tax is judged according to benefits received, it is fair to both Linda and Mr. Sackler. However, if it is judged according to ability to pay, it is not fair to Linda.

- E Later, at home, Jack Sackier compiains that his increased property taxes are helping to build a new school, but he doesn't have children to benefit from the school. The host also points out that if ability to pay is based on wealth (assets), the property tax is fair, since property of the same value is taxed the same. However, if ability to pay is based on income, it is not fair to those with lower incomes.
- When Linda receives her paycheck from her waitress job, it has been reduced by tax withholding. She questions what she is really getting for all the taxes she pays. The program demonstrates that fair tax criteria often conflict, and that trade-offs are inevitable.

DEVELOPING THE 1, 그런데이어 Review the video's content with questions such as:

- 1. Was the increased gasoline tax fair to Linda? (If judged by benefits received, it was fair, because Linda used the roads that the gasoline tax was used to pay for. If judged by ability to pay, it was unfair, because Linda's income is lower than that of other motorists who paid the same amount of tax.)
- 2. Was the increased property tax fair to Mr. Sackler? (If it was judged by ability to pay, it was fair. If it was judged by benefits received, its fairness depends on how one views the benefits of public education.)
- 3. What did the host say the two ways to detert line ability to pay are? (Ability to pay based on wealth [assets] and ability to pay based on income.)





4. Do you think Linda and Mr. Sackler would agree about what a fair tax is? (Linda would probably opt for a tax based on ability to pay, while Mr. Sackler would probably prefer a tax based on benefits received.) How could this difference of opinion be resolved? (Through the political process, with interested parties trying to influence tax policy.)

Have students review the two lists prepared in the Opening the Lesson activity and decide which items relate to benefits received and which to ability to pay. Do the lists suggest any other criteria of tex fairness?

Duplicate and distribute student handout 6B, "What is Fair?" This handout asks students to identify the basic rationale for each of seven specific taxes, and to indicate whether they think each tax is fair or unfair. Students may be uncertain about the basic rationale and/or fairness of some of these taxes. Encourage discussion, and try to get agreement on student answers.

#### Note: Suggested handout answers:

- 1. Driver's license fees: BR. "Fair" if students think that the fees are used for services that benefit drivers. "Unfair" or "?" If students think that the fees should be based on the ability to pay.
- 2. Personal property taxes: APW. "Fair" if students think that wealthy people with property should be taxed more than people without property. The answer would be "?" if it's not clear what the property tax receipts are used for, and students think that taxes should be based on benefits received.

- 3. Personal income taxes: API. "Fair" If students think that people with high incomes should be taxed more than people with low incomes. The answer would be "?" If it's not clear what the income tax receipts are used for,  $\epsilon$  and students think that taxes should be based on benefits received.
- 4. Hunting license fees: **BR.** "Fair" if students think that the fees are used for services that benefit hunters. "Unfair" or "?" if students think that the fees should be based on the ability to pay.
- 5. Inheritance taxes: APW. "Fair" if students think that wealthy people who have large estates to pass on to their heirs should be taxed more than people who do not. (The heirs do nothing to "earn" the wealth that is left them.) "Unfair" if students think that people who have worked hard to accumulate wealth should be allowed to leave their estates to whomever they want to without being penalized.
- 6. Sales taxes with all retail items covered, and...
- 7. Sales taxes with some "basic necessities" not covered: 7. Sales taxes are based more on political support for paying taxes in small amounts at a time and ease of collection than on either benefits received or ability to pay. Sales taxes with no exemptions hit low-income groups harder than sales taxes that exempt certain "basic necessities," such as food and medicine. Therefore, students may think that tax 7 is "fairer" than tax 6.

CONCLUDING THE LESSON
As a class, discuss whether the following historical and fictional characters would support or oppose taxes based on the ability-to-pay criterion:

- 1. Robin Hood (Legendary English outlaw who robbed from the rich to give to the poor.)
- 2. John Calvin (Religious reformer who opposed self-indulgence, believed in thrift and hard work, and believed that material success reflected a good spiritual life.)
- 3. Aristotle (Philosopher who believed that virtue is the middle ground between extremes.)

CTINDING THE LESSON Organize a class debate about the following proposition:

"Resolved, that United States tax policy – including federal, state, and local taxes – will be restructured so that 90% of all tax revenues will be based on the benefits-received criterion."

Students should consider the proposition's implications carefully, including the following:

- 1. Is it possible to determine how much each individual benefits from some government programs, such as national defense, police protection, etc.?
- 2. Would only people with children pay for schools? Do others benefit from education? Should they pay?
- 3. Would only drivers be taxed for highway repairs? Do others benefit from highways? Should they pay?



## UNDERSTANDING FAIRNESS SSUES

STUDENT HANDOUT 6A

# Analyzing Specific Tax Situations

A series of statements and questions about different tax situations is presented bulow. Read the background information and the statements for each situation, and then prepare an answer for each question. Compare your answers with those of other students. Discuss any differences that occur, and see if you can reach agreement after your discussion.

#### The federal income tax

The federal income tax is a progressive tax. Income in higher **taxable income** brackets is taxed at a higher rate than income in lower **taxable income** brackets. The difference between a person's total income and their taxable income affects the overall progressiveness of the federal income tax system.

**Stater. Tent:** In 1987, single taxpayers were allowed a personal "exemption" of **\$1,900** and a "standard deduction" of **\$2,540.** This meant that, in 1987, a single taxpayer could earn up to **\$4,440** without incurring a federal income tax liability. Both the personal exemption and the standard deduction are scheduled to increase in future years.

Question 1: Other things constant, will an increase in the amount of income that people can earn before incurring a tax liability make the federal income tax more progressive or less progressive? Why?

#### The federal Social Security tax

The federal Social Security tax is a payroll tax levied on employers, employees, and certain self-employed individuals. The statements below refer only to the employees' part of this tax.

**Statement:** In 1987, the employees' part of the Social Security tax was **7.15%** of the first **\$43,800** earned in wages and salaries.

**Question 2:** Over the wage and salary income range of **\$0 - \$43,800** was the Social Security tax regressive, progressive, or proportional? Why?

**Statement:** In 1986, some employees earned wage and salary incomes higher than the **\$43,800** ceiling.

**Question 3:** For these employees, was the Social Security tax regressive, progressive, or proportional? Why?

**Statement:** The employees' part of the Social Security payroll tax applies only to wage and salary income. Some people receive income from interest and dividend payments, but they do not have to pay any Social Security tax on this income.

**Question 4:** For these people, is the Social Security tax regressive, progressive, or proportional? Why?

#### A state gasoline tax

The following situations occured in a state in which there is a **10¢** per gallon excise tax on gasoline.

**Driver A** has a total income of \$5,000 a year, and spends \$50 on state gasoline taxes. This represents 1.0% of this driver's total income.

**Driver B** has a total income of \$10,000 a year, and spends \$75 on state gasoline taxes. This represents 0.75% of this driver's total income.

**Driver C** has a total income of \$20,000 a year, and spends \$100 on state gasoline taxes. This represents 0.5% of this driver's total income.

**Question 5:** Using the information provided above, is the state gasoline tax regressive, progressive, or proportional? Why?

**Question 6:** Do you think that excise taxes on consumer products other than gasoline (such as automobile tires, tobacco products, distilled spirits, etc.) would be most likely to be regressive, progressive, or proportional? Why?





# UNDERSTANDING FAIRNESS ISSUES

#### STUDENT HANDOUT 6B

#### What Is Fair?

Indicate whether you think the basic rationale for each of the taxes or payments listed below is benefits received (BR), ability to pay based on wealth (APW), ability to pay based on income (API), or uncertain (?) by placing the appropriate letters or a "?" in the column headed "Basic Rationale."

Indicate whether you think each tax is fair (F), unfair (U), or uncertain (?) by placing the appropriate letter or a "?" in the column headed "Fairness Rating."

Compare your answers with those of other students. Discuss any differences or uncertainties that occur, and see if you can reach agreement after your discussion.

	rationale	rating
A fixed dollar amount for each driver. The amount varies from state to state.		
A percentage of personal property value over and above any allowable exemptions.		
A percentage of each person's taxable income.		
A fixed dollar amount for each hunter. The amount varies from state to state.		
A percentage of an estate's value over and above any allowable exemptions.		
A percentage of retail products' pre-tax sales price.		
A percentage of covered retail		
	A percentage of personal property value over and above any allowable exemptions.  A percentage of each person's taxable income.  A fixed dollar amount for each hunter. The amount varies from state to state.  A percentage of an estate's value over and above any allowable exemptions.  A percentage of retail products' pre-tax sales price.	A percentage of personal property value over and above any allowable exemptions.  A percentage of each person's taxable income.  A fixed dollar amount for each hunter. The amount varies from state to state.  A percentage of an estate's value over and above any allowable exemptions.  A percentage of retail products' pre-tax sales price.





DIRECTION

School name:	

School address:	 	<del></del>	 _ <del></del>

\_\_\_\_\_ State: \_\_\_\_\_ Zip:

How would you rate the treatment of the subject matter in this unit?

z adequate = = thorough = = too brief - inadequate

How would you rate student interest in this unit?

r = high ≥ a good c = fair a a poor

After working with this unit, how would you rate the students' knowledge of the subject matter?

Name: \_

City: \_\_

= = greatly improved = = much improved = = somewhat improved = = not improved

In what class did you use this unit?

= = economics = = business ed. = = vocational ed.

= nome ec./consumer ed. : civics/government

With what grade did you use this unit?

= 7 or 8. . . 9

= = 11 : : 12

With how many students did you use this unit?

= = fewer than 30 = = 30-50 = = 51-75

= = 76-100 = = 101-200 = = more than 200 Paperwork Reduction Act Notice

We ask for this informaat we may tion review unis Taxpayer Education program and revise it in the future. Your response is voluntary.

OMB No. 1545-0799 Expires 11-30-90

UNIT

Please indicate your choice by filling in

School name: School address:

\_\_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ City: \_ the appropriate box with a #2 pencil.

How would you rate the treatment of the subject matter in this unit?

= = thorough = ⇒ adequate □ inadequate = = too brief

'ow would you rate student interest in this unit?

= = nigh = □ good c = fair = = poor

After working with this unit, how would you rate the students' knowledge of the subject matter? 3.

= = greatly improved = = much improved = = somewhat improved = = not improved

In what class did you use this unit?

= = vocational ed. = = economics = = business ed.

= 2 home ac./consumer ed. = 2 civics/government = 2 other

With what grade did you use this unit?

= = 7 or 8 c = 9 c = 12 = = 11

With how many students did you use this unit?

= 101-200 = 76-100

c = 51-75

= 3 more than 200 200

**Paperwork Reduction** Act Notice We ask for this information so that we may review this Taxpayer Education program and revise it in the future. Your response is voluntary.

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# Addresses and Telephone Numbers for IRS Taxpayer Education Coordinators

Unless otherwise noted telephone numbers are not toll free and will involve long distance charges to callers outside of the local calling area. Contacts by mail should be made to the attention of the "Taxpayer Education Coordinator."

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